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SITTING DAYS—2012

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RADIO BROADCASTS

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FORTY-THIRD PARLIAMENT
FIRST SESSION—SIXTH PERIOD

Governor-General
Her Excellency Ms Quentin Bryce, Companion of the Order of Australia

Senate Office holders
President—Senator Hon. John Joseph Hogg
Deputy President and Chair of Committees—Senator Stephen Shane Parry
Temporary Chairs of Committees—Senators Christopher John Back, Thomas Mark Bishop, Suzanne Kay Boyce, Douglas Niven Cameron, Patricia Margaret Crossin, David Julian Fawcett, Mary Jo Fisher, Mark Lionel Furner, Scott Ludlam, Gavin Mark Marshall, Claire Mary Moore, Louise Clare Pratt and Ursula Mary Stephens
Leader of the Government in the Senate—Senator Hon. Christopher Vaughan Evans
Deputy Leader of the Government in the Senate—Senator Hon. Stephen Michael Conroy
Leader of the Opposition in the Senate—Senator Hon. Eric Abetz
Deputy Leader of the Opposition in the Senate—Senator Hon. George Henry Brandis SC
Manager of Government Business in the Senate—Senator Hon. Joseph William Ludwig
Manager of Opposition Business in the Senate—Senator Mitchell Peter Fifield

Senate Party Leaders and Whips
Leader of the Australian Labor Party—Senator Hon. Christopher Vaughan Evans
Deputy Leader of the Australian Labor Party—Senator Hon. Stephen Michael Conroy
Leader of the Liberal Party of Australia—Senator Hon. Eric Abetz
Deputy Leader of the Liberal Party of Australia—Senator Hon. George Henry Brandis SC
Leader of The Nationals—Senator Barnaby Thomas Gerard Joyce
Deputy Leader of The Nationals—Senator Fiona Nash
Leader of the Australian Greens—Senator Christine Anne Milne
Chief Government Whip—Senator Anne McEwen
Deputy Government Whips—Senators Carol Louise Brown and Helen Beatrice Polley
Chief Opposition Whip—Senator Helen Kroger
Deputy Opposition Whips—Senators David Christopher Bushby and Christopher John Back
The Nationals Whip—Senator John Reginald Williams
Australian Greens Whip—Senator Rachel Mary Siewert

Printed by authority of the Senate
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(1) Term expires at close of day next preceding the polling day for the general election of members of the House of Representatives.

(2) Chosen by the Parliament of New South Wales to fill a casual vacancy (vice H. Coonan, resigned 22.8.11), pursuant to section 15 of the Constitution.

(3) Chosen by the Parliament of New South Wales to fill a casual vacancy (vice Hon. M. Arbib, resigned 5.3.12), pursuant to section 15 of the Constitution.

(4) Chosen by the Parliament of Western Australia to fill a casual vacancy (vice J. Adams, died in office 31.3.12), pursuant to section 15 of the Constitution.

**PARTY ABBREVIATIONS**


**Heads of Parliamentary Departments**

Clerk of the Senate—R Laing
Clerk of the House of Representatives—B Wright
Acting Secretary, Department of Parliamentary Services—R Grove
<table>
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<th>Title</th>
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<tr>
<td><strong>Prime Minister</strong></td>
<td>The Hon Julia Gillard MP</td>
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<tr>
<td>Minister Assisting the Prime Minister on Digital Productivity</td>
<td>Senator the Hon Stephen Conroy</td>
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<tr>
<td>Minister for Social Inclusion</td>
<td>The Hon Mark Butler MP</td>
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<tr>
<td>Minister Assisting the Prime Minister on Mental Health Reform</td>
<td>The Hon Mark Butler MP</td>
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<tr>
<td>Minister for the Public Service and Integrity</td>
<td>The Hon Gary Gray AO MP</td>
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<tr>
<td>Minister Assisting the Prime Minister on the Centenary of ANZAC</td>
<td>The Hon Warren Snowdon MP</td>
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<tr>
<td>Cabinet Secretary</td>
<td>The Hon Mark Dreyfus QC MP</td>
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<tr>
<td>Parliamentary Secretary to the Prime Minister</td>
<td>Senator the Hon Jan McLucas</td>
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<tr>
<td><strong>Treasurer</strong> (Deputy Prime Minister)</td>
<td>The Hon Wayne Swan MP</td>
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<tr>
<td><strong>Minister for Financial Services and Superannuation</strong></td>
<td>The Hon Bill Shorten MP</td>
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<tr>
<td>Assistant Treasurer</td>
<td>The Hon David Bradbury MP</td>
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<td>Parliamentary Secretary to the Treasurer</td>
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<td>Minister for Small Business</td>
<td>The Hon Brendan O'Connor MP</td>
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<td>Parliamentary Secretary for Industry and Innovation</td>
<td>The Hon Mark Dreyfus QC MP</td>
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<tr>
<td>Parliamentary Secretary for Higher Education and Skills</td>
<td>The Hon Sharon Bird MP</td>
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<tr>
<td><strong>Minister for Broadband, Communications and the Digital Economy</strong></td>
<td>Senator the Hon Stephen Conroy</td>
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<td>The Hon Julie Collins MP</td>
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<td>Senator the Hon Bob Carr</td>
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<td>The Hon Tony Burke MP</td>
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<td>Minister for School Education, Early Childhood and Youth</td>
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Thursday, 10 May 2012

The PRESIDENT (Senator the Hon. John Hogg) took the chair at 9:30, read prayers and made an acknowledgement of country.

PARLIAMENTARY OFFICE HOLDERS

Temporary Chairmen of Committees

The DEPUTY PRESIDENT (09:31): Pursuant to standing order 12, I lay on the table warrants nominating Senator Edwards and Senator McKenzie as additional temporary chairs of committees when the Deputy President and Chair of Committees is absent, and revoking the warrant nominating Senator Back as a temporary chair of committees.

BILLS

Air Navigation and Civil Aviation Amendment (Aircraft Crew) Bill 2011

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Senator XENOPHON (South Australia) (09:31): In Australia we are lucky enough to take aviation safety for granted. We have an impeccable safety record that is the envy of the world, but that is something that we must never be complacent about. It is fair to say that in the last few years the aviation sector has been under increasing pressure. There is a concern by those who care about safety the most—pilots and cabin crew—that there are matters that need to be addressed. That is why the Senate Rural Affairs and Transport Legislation Committee undertook a comprehensive inquiry last year into aviation safety issues and made a number of key recommendations which, unfortunately, the government has not accepted, particularly in relation to ensuring that pilots who are in control of a large passenger capacity jet aircraft have at least 1,500 hours experience before they are in the cockpit. There is real concern that it is something that needs to be maintained.

The 2011 rural affairs and transport committee's inquiry into pilot training and aviation safety issues, unfortunately, raised more questions than it answered. Since then, the more answers I have tried to find, the more questions I have been forced to ask. Aviation Australia is a far cry from the organised, diligent system it appears. During that first inquiry, a pilot said to me privately, 'Better a Senate inquiry now than a royal commission later.' It is a thought that bears deep contemplation. We have reached the stage where if we do not act, if we do not do all that must be done, that appreciably materially compromises aviation safety in this country. That is the motivation behind this bill, the Air Navigation and Civil Aviation Amendment (Aircraft Crew) Bill 2011, and the Qantas Sale Amendment (Still Call Australia Home) Bill 2011 that will be debated shortly.

Last year I was contacted by Jetstar cabin crew over their concerns about how Thai based Jetstar crew were being treated. These crew were based in Thailand but regularly worked on flights travelling between Australian domestic airports and carrying domestic passengers. Even though they were flying domestic routes on Australian planes, often working side-by-side with Australian crew, they were employed under Thai contracts. That meant their pay was a fraction of what their Australian colleagues were earning and their contracts were not subject to Australian workplace conditions. Shifts of up to 20 hours straight with no limits on duty extensions meant that these flight attendants were so exhausted they doubted whether they could react appropriately in an emergency.
On average Thai based flight attendants get paid a base salary of $258 a month. For each hour they fly they get an additional $7 plus allowances. In fairness to the CEO of Jetstar, Mr Bruce Buchanan, with whom I have had some constructive discussions about this, he says that the base pay is not a fair comparison because they do get those extra allowances. But their pay would still be about one-third of that of an Australian based crew for the same sort of work. They do not have sick leave entitlements and they have about half the annual leave of their Australian counterparts. When they do take leave, they are only paid $9 a day on top of their base wage.

These flight attendants approached me via Australian based crew who were concerned about their conditions. They are terrified of the consequences and terrified of repercussions if they speak out. They are employed by a company called Tour East Thailand which has contracted workers to Jetstar. The approach of the Qantas group in relation to this is to say, 'It's a separate entity; we didn't know what was going on.' Well, Tour East Thailand is 37 per cent owned by Qantas. Qantas is a substantial shareholder in that company.

As it turned out, the cabin crew were right to be frightened. In April last year five Thai based crew pulled out of a domestic flight between Sydney and Melbourne because they were exhausted after a series of international and domestic flights, including back of clock operations where they were literally up all night as part of their duties. Typically it could be Sydney-Denpasar-Sydney, which is an 18- to 19-hour shift from the time they are picked up from their hotel to the time they are dropped off. Instead of being supported in their decision not to risk passenger safety, they were threatened with dismissal by Tour East Thailand. They were admonished; they were threatened with repercussions if they ever did that again. The letter they received from Tour East Thailand stated that 'poor time management' was not accepted and that the company required an undertaking that they would not 'repeat these behaviours in the workplace'. That is simply outrageous. It is unacceptable because, when it comes to issues of fatigue and aircraft safety, it is important that cabin crew are there primarily—as they remind us, as they should—for our safety in the event of an emergency. If crew are simply so fatigued that they would not be able to function in the event of an emergency, that is a serious concern. What concerns me is that CASA, our regulator, which does have a significant and onerous task in dealing with aircraft safety in this country, is still working on issues of fatigue management and is proceeding slowly. The sooner there are regulations and rules in place specifically in relation to fatigue management for cabin attendants the better off we will all be.

This bill's purpose is to create a level playing field for those crew members and to stop airlines exploiting foreign labour to cut costs. In response to concerns raised during the committee stage of the bill, I have circulated amendments that will alter the bill to amend the Fair Work Act to ensure that overseas based cabin crew working on domestic legs of international flights come under the jurisdiction of this act. The second amendment introduces a requirement for all holders of Australian aircraft operators certificates to have a fatigue risk management system in place. That is long overdue. These are sensible and fair measures to ensure both passenger and crew safety.

It is worth reflecting on a story on the ABC1 Lateline program on 30 September last year, which revealed that a Jetstar worker had quit over conditions and safety concerns. A former flight attendant told
_Lateline_ that he quit his job at Jetstar because of safety concerns over long shifts for cabin crew and about staff not being able to answer safety questions. This piece of investigative reporting revealed that a clause in the contract of Singapore based Jetstar crew states that they can be forced to work shifts that are longer than 20 hours—something an Australian based crew cannot do, nowhere near that. Two weeks before quitting, former Jetstar flight attendant Dallas Finn filed an incident report about fatigue after flying five return international flights in five days. He said:

The majority of these flights were quite busy. I found that my sleeping patterns were drastically affected to the point of fatigue. Clearly there are safety issues here pertaining to cabin crew if an emergency situation arises on the return flight from Saigon or Manila where the duty is 12 to 13 hours return.

Mr Finn told _Lateline_ that cabin crew were forced to work long hours. He said:

The majority of the flights out of here from Darwin are all back of the clock, so you're leaving early evening and you're not getting back till quite early the next morning.

He then described how the Ho Chi Minh flight could be 12 to 13 hours. But Mr Finn said it was a flight that he shared with Singapore based staff that gave him more cause for concern. He said:

Before we actually get on a flight we have to go through a briefing; one is ... the questions are on emergency procedure, on occupational health and safety procedure, and a medical question.

I went to answer the emergency and the medical question when the cabin manager stopped me to get the Singapore crew to actually answer the questions, and basically they couldn't answer the emergency procedure and they couldn't actually answer the medical question.

It was the first time I've ever been scared of actually flying because if something went down I didn't know if that crew would be able to back me up.

Jetstar says that they comply and that there are no issues for concern. But, when pilots from Jetstar have told me—and I am very grateful to those pilots for contacting me on a regular basis to tell me about their concerns—that there are cabin crew they have concerns about, where they actually have had to say, 'I don't think you should be flying,' that is a real concern in terms of the way Australian aviation operates.

Jetstar is now under investigation by Fair Work Australia due to these practices. In response, Jetstar has said that it will cap the number of domestic routes that overseas crew can fly. So in a sense it is fair to say that Jetstar has been caught out and that it has now changed some of its practices, which is welcome. I do welcome the dialogue I have from time to time with Mr Buchanan, the CEO of Jetstar. I will be able to expand on that in the other bill. Their concern is that aviation is a very tough international environment and that, in order to survive, they need to take these sorts of operational decisions in order for Jetstar to be competitive. But I beg to differ in relation to that, given that the cost of cabin crew as a proportion of an airline's total operating expenses is a very small fraction of what it costs to run an airline. If the cost of paying people one-third of the Australian wages on a domestic flight is upped to Aussie conditions, I cannot see how that would add a punitive onus on that airline.

The current laws and regulations are not tight enough to make sure that a company cannot wriggle out of its obligations. That is my concern. Currently, flights are tagged with identifying numbers that show whether they are international or domestic, but the numbers are assigned by the airlines themselves and they do not appear to have any strict regulations or criteria to determine what constitutes a domestic versus an international flight. When I asked a question
in the Senate about this, I think the minister was genuinely trying to be helpful but it did not really answer the question in that it was left to the discretion of the airlines. For instance, a flight that originates in Adelaide and is tagged with an international number can fly to Melbourne and then to Sydney and then on to Brisbane before it leaves on its international leg, and that is not prevented under the current rules. All of that is fine, but problems arise when the airline carries domestic passengers on those legs. If all the passengers that get on the plane at each domestic airport are going to stay on the flight until it reaches its international destination, it can properly be considered an international flight. I have no issue with that. But, if a passenger gets on in Melbourne and flies the domestic leg to Sydney, is it still a truly international flight? Is it appropriate for some of those cabin crew to be paid one-third of what their Australian counterparts are getting?

Overseas based cabin crew who operate on flights with domestic tags are required to hold 457 visas. These visas come with various rules in relation to pay and workplace conditions. Importantly, these visas can only be granted where an employer can demonstrate that there is a genuine need that cannot be filled with Australian workers. However, overseas based cabin crew working on Australian flights with international tags are paid under a special visa designed to facilitate their entry into the country since, reasonably enough, they are not expected to stay for long periods. This visa does not carry any of the conditions of a 457 visa, and the decision of which visa to grant relies almost solely on what tag number the flights have. The tag number, as I mentioned earlier, is chosen by the airlines themselves and is apparently not subject to any regulations. It should be, and that is what this bill is trying to deal with. An airline can use this loophole to save a few dollars in wages without any difficult workplace relations conditions to get in the way.

I acknowledge the work and the contribution of my colleagues Senator Gallacher and Senator Sterle to the Senate inquiries into this matter. They both have long and esteemed careers in the transport industry and know a thing or two about it. My plea to Senators Sterle and Gallacher is that this loophole needs to be addressed. It is a loophole that has been fixed up in shipping, which I will refer to shortly, but not in relation to this. In fact, the savings that can be made through this loophole are apparently so great that, according to Qantas CEO, Alan Joyce—who I do not think is any relation to Senator Joyce—

Senator Joyce: He might be. You never know.

Senator XENOPHON: He might be. Senator Joyce has a cheeky grin on his face; I do not think they are related. They might be, but very distantly. According to Alan Joyce, the Qantas Group would have to quite simply pull out of its Darwin and Cairns operations. That is scaremongering of the highest order. It is misleading, and the Qantas Group, to my understanding—and Senators Sterle or Gallacher can correct me on this—has not given us details of how much the cabin crew make as a proportion of their costs. I think Senator Sterle is saying that is the case; it has not provided that information, as it indicated that it would during the Senate inquiry.

This threat, made in the Rural Affairs and Transport Legislation Committee's 6 February 2012 hearing into the bill raises the question: is the Qantas Group so dependent on underpaid workers that it will fold a number of its routes if it has to pay people a fair wage? It has been estimated that cabin crew costs make up less than 10 percent of
aircraft operating costs, according to an article from the Economic Times in January 2010, and, as I said we are still waiting for that information.

I have asked questions of the Minister representing the Minister for Immigration and Citizenship in the Senate to see if the circumstances surrounding visas could be clarified. They could not. There appear to be stricter rules applying to international airlines with international crew, but little that applies to international crew on Australian airlines. I strongly urge that the Department of Immigration and Citizenship investigate these circumstances because it is not right, and it is not fair that overseas workers be exploited to make an Australian airline a quick buck.

During the committee inquiry process I faced accusations that I had something against Qantas and did not want it to succeed. Nothing could be further from the truth. In fact, I was on a Qantas flight this morning. Like most Australians, I feel an incredible sense of pride in the flying kangaroo. There is nothing better than sitting in a foreign airport and catching sight of that red tail as the plane thunders past. There are few companies that inspire such fierce loyalty among its employees and its passengers. The very reason I fought so hard for these changes is I share that same loyalty. I do not want a truly Australian Qantas to be a thing of the past, and I do not want Australia's safety reputation to be in any way compromised as a result of cost-cutting measures.

The true intention of this bill is not just to protect overseas workers from being exploited. It is also to make sure there are regulations in place to stop staff being pushed to their limits and into a physical and mental state that is just not safe; not to them and not to the passengers they are there to protect in the event of an emergency. In an emergency, cabin crew must react instinctively to direct passengers and operate safety equipment—they must not be physically and mentally exhausted from excessively long hours. There are also the post-flight conditions to think of. For years, cabin crew members have been complaining to Jetstar about excessively long duties that have left them too tired to travel home safely. I have heard a number of stories of people having accidents on their way from a long shift because they were simply too fatigued.

I also note the similarities between the circumstances I have outlined and changes that the government has made in a similar area. 'Flags of convenience' are almost universally popular in the shipping industry. Essentially, your ship abides by the rules of whichever country it is registered in—hence the popularity of Panama and similar countries, where the laws relating to everything from safety and maintenance to workplace conditions are far more lax and, in some cases, virtually non-existent.

In 1992, the House of Representatives Standing Committee on Transport, Communications and Infrastructure published a report titled Inquiry into ship safety: ships of shame, which detailed stories of crews paid a pittance or not at all, of unseaworthy vessels, of uncertified crew and poor safety equipment, of falsified documents and of brutal treatment. The committee found that commercial pressures were the major factor behind these problems. A further report in 1995 revisited the issue because the exposure of the first report had 'not ended the exploitation, denial and physical abuse of seafarers'.

Finally, some changes came into effect in January 2010, with the regulations for the Fair Work Act specifically stating that
vessels with continuous voyage permits and those with three or more single voyage permits issued in a 12-month period are covered by the Fair Work Act. If the government has deemed it reasonable to take this step there is no reason it cannot deem it reasonable to take similar steps for the aviation industry. Effectively, if a foreign registered ship is travelling from Sydney to Melbourne and is carrying domestic cargo it must pay Australian rates and conditions. What difference is there when we are talking about an Australian aircraft flying a domestic route and carrying domestic passengers, but not paying its workers on that flight Australian rates and conditions? It is as simple as that. If we can deal with 'ships of shame' we should be able to deal with 'planes of pain'.

The government must take action on this. It is not fair. It is not acceptable. It is, quite simply, unjust. It is exploiting overseas workers and it is also taking away Australian jobs in circumstances where they should not be taken away. This is only one small aspect of the problems facing Australia's aviation industry, but it is an important one not just in terms of safety but also in terms of people's rights.

I said earlier that my involvement in these issues has raised more questions than answers. This is one of the very few answers; this bill and the amendments circulated do not place an undue burden on airlines. This is about fixing an anomaly—a loophole—that needs to be sorted out here and now. This is an opportunity for this chamber to deal with it. This is an opportunity to remedy a clear loophole that must be sorted out once and for all.

Senator GALLACHER (South Australia) (09:51): I think Senator Xenophon has raised some very valid concerns on behalf of some very concerned people. Unfortunately, we just do not believe that the bill is the way to go in respect of resolving those issues. Essentially this bill seeks to impose new conditions on international airline licences and air operator certificate holders with the intention of ensuring that all flight and cabin crew employed by related airline companies are offered the same terms and conditions as Australian based crew employed directly by that airline.

The scope of the bill is very broad. It applies to a wide range of business relationships, and the cost implications of the bill would threaten the viability on a range of routes. I will highlight some of those routes later on. Senator Xenophon's proposed amendments rewrite the bill but continue to raise issues for the commercial operations of our airlines and pre-empt CASA's work in relation to fatigue management as well as departmental consideration of matters raised by the Senate Standing Committee on Rural and Regional Affairs and Transport in its report on the bill. The government does not support the bill.

The Senate Standing Committee on Rural and Regional Affairs and Transport has examined the bill, proposed amendments to it and has recommended against passing it. The bill is in breach of our international obligations. The bill would significantly restrict Australian airlines in their capacity to operate internationally and to form very important strategic partnerships with other carriers. Wages and conditions of employees of Australian airlines are matters for the Fair Work Act 2009, consistent with the approach the government has taken in other industries. Safety issues such as fatigue management are being addressed by the safety regulator, the Civil Aviation Safety Authority, following advice received from the International Civil Aviation Organisation on
relevant standards and further recommended practices.

Essentially, as I have said, this bill would severely restrict the ability of Australian based airlines to compete in the international aviation market. The committee did take evidence from Virgin and Qantas in respect of specific areas of that restriction. A requirement to offer Australian wages and conditions to crew employed by codeshare partners in other countries would effectively limit Australian carriers to a very small number of routes on which they provide direct services. As a result, the choices for the Australian travelling public would be very much restricted. For example, the bill would effectively prevent Australian airlines offering codeshare services to destinations such as Nashville, Dusseldorf, Dunedin, Miami and probably quite a number of others. This would reduce the choices for the Australian travelling public.

There are also serious concerns in respect of international law, as the bill imposes Australian workplace laws on foreign airlines operating in foreign countries. The government notes that the proposed amendments have been circulated in an attempt to address some of these issues, but the bill would still have an impact on Australian airlines' ability to compete with international rivals and undermine the work already being done to manage fatigue among cabin crew. The government supports the committee recommendation not to pass the bill.

The government has paid careful consideration to the issues raised in the Senate committee inquiry into the bill in relation to fair pay for the crew of safe airlines. The government recognises that concerns have been raised about the wages and conditions that are offered to foreign based airline crew flying in Australia. These issues are related to concerns about fairness and the way airlines manage fatigue among cabin crew. But the bill makes it virtually impossible for our airlines to compete in the international aviation market. The government will be accepting the Senate Standing Committee on Rural and Regional Affairs and Transport's recommendation that the bill not be passed.

While the proposed amendments completely change the bill, the revised bill is unnecessary in light of the ongoing work that government is progressing to address these issues. The government is currently undertaking an independent review of the Fair Work Act. The independent panel is due to provide a report to the government on 31 May. The government will consider the review panel's report and determine whether amendments to the Fair Work Act are required.

The scope of this bill is very wide. It applies to a wide range of commercial arrangements. Virgin Australia and Qantas would need to ensure that the crew employed by their codeshare partners are offered wages and conditions comparable to their own crew. This would have a significant adverse effect on the commercial competitiveness of Australia's international airlines in an increasingly difficult operating environment. This also raises serious concerns in relation to international law, our bilateral air service agreements and our mutual recognition of aviation regulatory arrangements with New Zealand, due to the extraterritorial implication or application of workplace conditions.

The bill also attempts to deal with concerns in relation to the management of fatigue amongst cabin crew. Safety issues such as fatigue management are being appropriately addressed by the safety regulator, CASA, and following advice from the International Civil Aviation Organisation on
the relevant standards and recommended practices. CASA released a draft proposal on flight crew fatigue for public comment on 1 May, and a draft proposal for cabin crew fatigue is scheduled for later this year. Legislation is therefore unnecessary in light of CASA's ongoing work to provide better systems for fatigue management.

Senator Xenophon's amendments completely rewrite the bill. However, the amendments do not address the concerns with the original bill. The proposal to require AOC holders to develop a system of fatigue management is unnecessary in light of the ongoing work by ICAO and CASA. The revised bill also amends the Fair Work Act 2009 to extend the Australian workplace relations framework to all aircraft crew performing work in Australian domestic aviation.

The Fair Work Act principally regulates employment relationships. In contrast, the revised bill would impose workplace relations obligations and circumstances where there is no employment relationship. Because of this and a number of technical issues with the bill, the government does not support the revised bill. However, the Department of Education, Employment and Workplace Relations is currently considering whether the Fair Work Act covers foreign airline crew working on Australian domestic flights and whether any legislative change is required.

In short, the bill would significantly restrict Australian airlines in their capacity to operate internationally and to form strategic partnerships with other carriers, and it would certainly reduce the choices available to the Australian travelling public. Wages and conditions of employees, in Australia, of Australian airlines are matters for the Fair Work Act 2009, consistent with the approach taken across industries. Safety is the business of CASA. The amended bill is unnecessary in light of CASA's ongoing work to provide better systems for fatigue management.

I would like to say a number of other things. It is very clear that there are some widely held and deeply felt concerns amongst flight crew in the operations in Australia. They have been raised very visibly, very publicly and very appropriately by Senator Xenophon. The fact that he has been able to elevate these concerns and this dispute to this place is a significant achievement for those people. A number of them gave evidence about their fear of possible retribution, lack of promotion, lack of job opportunities and the loss of their entire career. Those people were fair dinkum and their evidence was fair dinkum. The fact that the matter has been elevated to debate in this place is a good thing, and credit is in no small part due to Senator Xenophon.

The push for cheaper and cheaper fares puts pressure on all of the airline industry operations, and on no-one more than on pilots and aircrew. The questionable practices in relation to the Thai based labour hire company are just an example of the result of the never-ceasing drive to give Australians cheaper airfares. But amongst all that you have got to remember that the reason we have flight attendants on a plane is that, when things happen, you have got to follow the instructions of your flight crew. To push them beyond the limits of normal fatigue management is an absolute dereliction of managerial responsibility. To combine that with a miserable attempt at a salary on what is clearly a domestic Australian flight is a disgrace. Jetstar may tag their flights from Darwin to Sydney as
international flights, but the reality is that the customer gets off, goes through customs and wanders away, and other people get back on, not through customs, just boarding a normal domestic service, and the flight crew who have operated the international sector then continue on the domestic sector. For those people not to be paid the same as Australian workers under the Fair Work Act is a disgrace.

If you want to take the push a bit further and, in search of cheaper fares, lower the very high pilot standards that Australia has enjoyed then there is probably a risk to that. The risk is that a person without the appropriate number of flying hours that we have required over the years may make a mistake. If you want to combine that lack of experience with fatigue and low wages then there are possibly grave concerns arising. I commend Senator Xenophon for raising that.

What I am saying, though, is that CASA and the Fair Work Act and the appropriate organisations that can represent people should have these matters resolved to the satisfaction of those people that have raised the issues with their company in the first instance. The evidence that was given to the hearing with CASA had no resolution. At least one of the witnesses made a statement that they thought that CASA would solve the problems, and, after repeated efforts, they had no resolution. That is up to CASA to respond to, but that was certainly given in evidence to the hearings. So I actually share Senator Xenophon's concerns in respect of some of these matters that have been raised. I just do not believe that this amended bill is the way forward.

Senator JOYCE (Queensland—Leader of The Nationals in the Senate) (10:05): I will not leave you in suspense, Mr Acting Deputy President. We will not be supporting the Air Navigation and Civil Aviation Amendment (Aircraft Crew) Bill 2011, for a range of reasons. Senator Gallacher went through them. We have to allow a company the capacity to deal in the markets that it operates in. If we were to pursue overseas an equivalence with the terms and conditions in Australia, the ultimate result would be that overseas flights would be stopped because we would be uncompetitive. The margins that airlines are on—you can see it around the world—are extremely tight, and we note quite a number of airlines going broke. It is a regular occurrence. So lumbering them up with more regulation and conditions which just will not cut the mustard and will not compete in overseas markets would in many instances be a short-term solution before that route was actually withdrawn.

I heard the sympathies that were well articulated by Senator Gallacher. My query is: if you hold those views so dearly, why don't you support the bill? What is your position? Is that the position of your party or is it the position that you hold?

There are a range of issues that are coming to light, and we can see them in regard to the lockout. A company has to be able to deal with its disputes as they arise. We want this organisation, Qantas, to remain a viable organisation in Australia. We should recognise how tight the margins are, especially with the Australian dollar where it is at the moment and the pressures that are on at the moment and also noting, really, the fact that its profit, for the capital that it has got employed, is very low. But it still exists, and we are seeing other airlines in other places currently shutting down.

I have briefly perused the Senate report. I note the emphatic and well-meaning endorsement by Senator Xenophon. If Alan Joyce were not my brother, I would probably consider—no, I am no relation!

Senator Sterle: I knew it!
Senator JOYCE: No, I am no relation to Alan.

Senator Birmingham: And that's a great relief to Alan!

Senator JOYCE: Yes, I know. I am taller, so I must be older! But, on a more serious note, issues of safety are something that the coalition are very aware of. If we genuinely believed that we were compromising the safety of people flying on an airline for which we had jurisdiction in some way then we would definitely be doing something about it. We believe that that is more in the realms of CASA and we will continue to rely on CASA to make sure that the safety of those who fly on these aircraft is maintained. There really is not much more to say that has not already been articulated in the coalition's dissenting report. As such, I will not hold the chamber up any longer. I just note that we will not be supporting the bill.

Senator EDWARDS (South Australia) (10:09): I rise to speak on the Air Navigation and Civil Aviation Amendment (Aircraft Crew) Bill 2011. This bill seeks to reverse the long-term successful trend of Australian governments in progressively opening up the Australian economy to international competition. I oppose this bill as it will unduly hamper what are successful Australian businesses. This bill will undermine the aviation industry, an industry which is amongst the most competitive, open and transparent in the world.

This bill amends the Air Navigation Act 1920 and the Civil Aviation Act 1988 to provide that an Australian airline, or a subsidiary of an Australian airline, is not issued an international aviation licence unless it provides the same wages and conditions to overseas based flight and cabin crew operating its flights as if they were directly employed by the airline. In essence, this bill undermines what should be the reciprocal opportunity for Australian airlines to compete with foreign businesses in their own markets.

Why on earth are those supporting this bill trying to impede Australian businesses from competing in foreign markets on the same terms as any other Australian business? As the coalition have always maintained, the management of private—and indeed public—companies and the decisions determined during the course of running their businesses should be the exclusive remit of those companies. This bill illegitimately impinges on the ability of a company—including our iconic and much-loved flying kangaroo—to make decisions in order to facilitate the effective management and running of its businesses. Individuals and Australian businesses should not be subjected to any legislation that removes their paramount and indisputable right to run themselves and to compete internationally as they see fit.

As a means by which to fully understand the opportunity that lies before Australia, it is imperative that we reflect on Qantas's value to the Australian economy both past and present. The history of Qantas is an extraordinary Australian success story. Established in the Queensland outback in 1920, Qantas has become Australia's largest domestic and international airline. It is held in high regard all over the world and considered one of the very best and safest long-distance carriers. The flying kangaroo is one of the strongest and most recognisable brands, which represents so much more than just a company; it represents the optimism and the success of Australian enterprise. Qantas has a strong reputation for safety, operational reliability, engineering and maintenance, and customer service.
Of the almost $15 billion of income earned by Qantas in the financial year 2010-11, the overwhelming portion was generated within the Australian economy under our laws and industrial relations rules. Qantas employs approximately 35,700 people, with 93 per cent of them based within Australia. The company is inextricably linked with the development of civil aviation in Australia and represents the confidence we have in Australian businesses to compete successfully in a globalised economy. From the humble beginnings operating fragile biplanes that carried only one or two passengers in open cockpits, Qantas, the flying kangaroo, now proudly operates the new Airbus A380s, flying some 450 people halfway around the world in a day. One would be hard pressed to find a better advertisement for Australian enterprise and our nation as a whole. Qantas’s employees, shareholders and indeed Australia’s national interest will all be well served in the long run if it can fully grasp the unprecedented opportunity for growth so often deemed the ‘Asian century’.

There are a number of flaws in this bill that would have implications for its enforcement and negatively impact on the profitability of airlines operating in Australia. Firstly, the bill is extraterritorial in its scope. There is uncertainty about whether the bill imposes Australian employment conditions extraterritorially, forcing airlines to offer Australian wages and employment conditions to employees based outside of Australia—in Thailand, Singapore and so on. This may mean that it is inconsistent with Australia’s bilateral air services arrangements. This bill has serious implications for airlines operating in Australia and their international competitiveness and profitability in both domestic and international markets. It is not reasonable or fair to expect any business but particularly airlines not to be able to compete in foreign markets on the same terms as other businesses competing in that market.

This bill also misguidedly uses air operators certificates, or AOCs, the Civil Aviation Act 1988 and the Air Navigation Act 1920 to attempt to regulate industrial relations issues. The Civil Aviation Safety Authority was highly critical of the bill in this regard, stating in the CASA submission to the committee inquiry:

…CASA is seriously concerned that the addition of a workplace relations function would oblige CASA to become involved in negotiations between AOC holders and their employees on pay and working conditions … The perception of CASA as an independent safety regulator could be compromised if it were to become involved in vetting the pay and working conditions of AOC holder’s employees.

It simply does not make sense. CASA has long been held in this country as an organisation that is solely dedicated to the safety of Australians and to ensuring that AOC holders operate in the air with safety standards second to none elsewhere in the world. On the issue of fatigue management and safety, the airlines disputed the need for additional regulation. CASA stated that it was 'not aware of any negative safety trends' regarding AOC holders' foreign based crew.

The bill also contains a number of terms and conditions that are vague and would lead to uncertainty for those affected by the bill and for organisations such as CASA, who would have to implement certain functions. This makes it difficult to implement and an unnecessary burden on industry.

The Qantas grounding last year was nothing more than the culmination of protracted industrial action by trade unions against Australia's national airline. Make no mistake: this dispute was all about—

Senator Sterle: Oh, rubbish!
Senator EDWARDS: guerrilla tactics by trade union leaders—

Senator Sterle interjecting—

Senator EDWARDS: and now we hear from those across the chamber—determined to get more pay and better perks for their members, at a time when Qantas was trying to survive in a difficult business environment. Before the grounding in October, industrial action by the union bosses caused disruptions and delays to Qantas's flight schedules, which cost the airline an estimated $68 million. Senator Sterle: one of the union officials was reported in the press at the time as saying, 'We will bake them slowly'—unprecedented. The Transport Workers Union was determined to oppose any move by Qantas to launch a new airline in Asia. Its national secretary, Tony Sheldon, said he was not going to allow Qantas to become 'Asianised'; those were his words. What Qantas management was forced to do was ground the airline so it could regain control.

Senator Sterle interjecting—

Senator EDWARDS: I am not xenophobic, Senator Sterle. Qantas CEO Alan Joyce said back in February that, in the months leading up to the grounding, flight timetables were being massively disrupted because of the unions' tactics. The dispute had to be brought to a head, otherwise Qantas would have died a slow economic death, suffocated by the union stranglehold. The head of the Australian Licensed Aircraft Engineers Association—I referred earlier to his now infamous 'bake them slowly' quote—predicted the dispute would last for 'at least 12 months', flagging that the unions were prepared to undertake a 12-month strategy to debilitate the company. More menacingly, he promised to 'sort out' chief executive Alan Joyce and mused, in a reference to that great book, The Art of War:

If you live near a river, take a seat and eventually the dead bodies of your enemies will come floating by.

This Labor government was quite happy for militant union leaders to hold Qantas to ransom and did not intervene until Qantas grounded its entire fleet. But, eight months after the grounding came to an end, what has changed? Qantas is back in the air, the union bosses are no doubt planning their next assault on the airline's management under the pretext of looking after their members, and Labor senators are licking their lips over another opportunity to grill Alan Joyce.

This bill comes on top of the increase in airfares imposed by the Labor government in their budget delivered just this week. Labor are increasing the airport tax by $8 to $55 per passenger as of July. They tried to hide this away in the budget, but their panicked desperation to squeeze as much revenue as possible out of successful Australian businesses and the flying public has been exposed as nothing more than a cynical tax grab of more than $1.3 billion over four years. This bill and Labor's steep hike in airport taxes should of course be put in context: they will both impose a serious additional burden on those Australian companies, who are already trying to work out just how and why they must navigate the increased expenses associated with this Labor government's destructive and ultimately ineffective carbon tax. The coalition cannot support a proposed mechanism of making ideological industrial relations changes by stealth under the guise of aviation safety.

Senator MADIGAN (Victoria) (10:21): I will be supporting Senator Xenophon's bill, which addresses the unfair and dangerous conditions being imposed on cabin crews of international and domestic flights, predominantly by Jetstar, an airline controlled by the Qantas Group. The Air
Navigation and Civil Aviation Amendment (Aircraft Crew) Bill 2011 is designed to protect the workplace conditions of foreign or overseas flight or cabin crews who are working on Australian owned airlines or their subsidiaries. My understanding is that overseas based crews from a number of countries such as Thailand and Turkey can be used on the domestic legs of international flights by Australian Airlines. In other words, an Australian airline may have a flight from Bali to Perth, then on to Sydney, before returning to Perth and back overseas. During the two international and two domestic legs of these flights the cabin crew can be used as an overseas based crew.

Most if not all of these overseas based crews are not employed directly by the Australian airline but are in fact employed under foreign contracts either by a third party or by the overseas subsidiary of the Australian airline in which they are used as cabin crew. Because they have been employed under foreign contract arrangements, they are paid well below the amount any Australian owned airline worker would accept and at a level that Australian unions would consider outrageous if offered to their members. Why is it we have continued in Australia in recent years to race to the bottom of the barrel? Why is it that we do not value our safety standards? Why is it that we do not value the fact that people fought for better conditions, better rates of pay and safety? What was it that put our Australian icon, Qantas, ahead of all the others? It was the attention to detail and the attention to safety.

When Australians get onto a Qantas plane—and, for that matter, on Jetstar, a subsidiary of Qantas—they expect a certain level of care, diligence and maintenance. How do we ensure Australians are getting value for money? Why is it Australians choose to fly Qantas? What is it that gives them confidence to fly Qantas and to fly Jetstar? It is because of safety and because we believe they offer a better product. Why we would trash that product is beyond me.

It has been reported that these crews will regularly have to work shifts as long as 20 hours, not just occasionally but regularly. We know—it is a fact—that when people suffer sleep deprivation they do not work safely or economically and you do not get the best out of your staff. Jetstar requires these crews to fly return shifts on lengthy flights without an overnight stay. What happens if there is an emergency on one of these flights? I hope to God I am not one of those flights but I hope it is no other person. I do not wish to see us standing in this chamber for a condolence motion when a plane drops out of the sky and people are killed. What price do we put on human life and what price do we say is too much to pay for safety?

All of us in the Senate fly regularly. I have never enjoyed flying but I do appreciate knowing that the Qantas flight crews and cabin crews are well trained. They are professional and capable of handling a difficult emergency situation, should it arise. However, I would not enjoy flying around Australia with a crew who are continuously battling fatigue and whose judgment, if not seriously impaired, would be considered well below that expected of a crew responsible for hundreds of lives in an emergency situation.

Think of the last flight you took to get here. I hope you noticed the crew. They are workers who, as a rule, do their jobs extremely well and make a flying experience as comfortable as possible. Did you watch the emergency procedures as demonstrated by the cabin crew? Are you aware that, should an emergency situation occur—we all hope that will never be the case—the cabin crew who serve you and make your flight a
comfortable one will all of a sudden be responsible for ensuring you and the other 200-odd people around you on the flight are kept safe and that panic does not ensue. This is not something we would identify with a fatigued and underpaid workforce. How many of us would be happy in an emergency situation to find the hospital workers, emergency services workers or police on whom we rely have been working regular 20-hour shifts for wages we ourselves would refuse? I doubt you would want the care of your family, your friends or yourself left up to the judgment of people suffering fatigue when well rested alternative crews are available.

One-third of Jetstar staff are employed overseas. A company by the name of Tour East Thailand employs the Bangkok cabin crews for Jetstar. Under the contract I believe these crews are required to sign, they must agree to work shifts up to 20 hours long but, as the contract states, 'The planned limit of operational extensions may be extended by the employer'. In other words, 'You'll work the hours we say.' I would like to see them try to get that past the TWU. To force anyone to work those hours would be a disgrace. We do not expect Australian workers to accept such conditions, and to expect foreign workers to accept those conditions on our shores would be nothing less than a form of slavery.

As an Australian Democratic Labor Party senator, I cannot remain quiet when such an outrageous exploitation of workers, Australian based or foreign based, goes on under our very noses. How can anyone working in this country be expected to live on wages less than the average wage when I was an apprentice? How can anyone working in this country be expected to work under conditions less than those expected by our own factory workers before Federation? And how can we be expected to see the safety standards on Australian airlines reduced to a level never accepted in this country? Anyone who works in this country should enjoy the protection of Australian laws and Australian standards. Australians should always be protected by Australian laws and Australian standards. To use loopholes in the immigration laws, to have foreign based crews working under conditions we would never accept and to put lives at risk in doing so is unforgivable. Senator Xenophon has given us examples of the conditions these foreign based crews are working under. I am personally disgusted that any company that calls itself Australian can employ people under these conditions, although in fairness to the Qantas group they do not expect to be an Australian airline in anything but name shortly. Maybe that it is why they can do this to their cabin crews.

Just recently we have heard about the possible shipping of our heavy maintenance offshore. How can that possibly be in the national interest? How can we possibly expect that we are going to maintain the levels of safety and maintenance that we all expect when we get on a plane? Do we honestly think in this house that once we have lost the ability to maintain the heavy engineering side of airlines in this country that we can flick a switch—when everything goes to hell and it all falls in a heap—and automatically overnight we can rebuild these manufacturing maintenance facilities in this country? It will not happen. We are kidding ourselves if we think it will. We heard earlier about the high Australian dollar. It has been 110 years since Federation and our currency has had its ups and downs. This is not a new phenomenon. Over 110 years we have had booms and busts—we have had mining booms and busts—but nobody seems to be looking at that. It has continually been used as a crutch, an excuse.
We also hear attacks on the union movement. Why is it that in 2012 we continue with an adversarial relationship between bosses and unions, between companies and unions. The good unionists need to hold the bad unionists to account, and the good employers need to hold the bad employers to account. They are only a minority on both sides, but it is continually brought up to go on a union-bashing exercise. It is always one side's fault. There is never acceptance of the fact that this is a joint problem. We all own part of this problem and yet we do not address it.

How can we be expected to see the safety standards on Australian airlines reduced to a level that has never been accepted in this country? Even if I cannot get through to senators that the basic principles of decency, justice and fairness demand we stop this blatant exploitation of workers in pursuit of higher profits, I hope I can get through to senators on the basis of expected standards of safety for the Australian public. If this continues, it is inevitable that a situation will arise in which a crew cannot perform its duties in an emergency. Then we will all be up in arms. How was this allowed? Who is to blame for this? Why wasn't something done about it? It was allowed because we have allowed it. We are to blame for the situation so far and it is up to us to do something about it. Senator Xenophon has given us one of the tools necessary to stop this appalling and increasingly dangerous situation. If we do not take up the opportunity we are provided with in this bill, then we will all be culpable when, God forbid, a disaster does occur.

Senator XENOPHON (South Australia) (10:33): I thank my colleagues for their contributions, some more than others, to this debate on the Air Navigation and Civil Aviation Amendment (Aircraft Crew) Bill 2011. I want to address some of the contributions because they cannot be allowed to go unanswered. Firstly, Senator Gallacher says that this is not the way to go, but I note the senator's long interest and passionate advocacy in the transport industry. We have no dispute about that, but what I take issue with is the government's approach that says this is not the way to go. It raises a whole range of other issues and it pre-empts CASA on team management as well. When did CASA first raise the issue of team management? There was a discussion paper released on 25 August 2004. I reckon it is coming up to eight years; I think that is more than enough time. The fact is that the parliament has an obligation to act where there is a loophole. The parliament has an obligation to fix a problem that needs to be fixed. This is a problem that needs to be fixed.

It is fair to say that the government has fundamentally misunderstood the intent and the scope of this bill, as has Senator Edwards. The amendments were moved as a result of the committee process—and the committee process was a valuable one—to say that this was simply too broad. That is why I have introduced those amendments: to narrow the scope of the bill, to sort out the loophole that it is intended to fix. That loophole is: if you are on an Australian registered aircraft, a VH designated aircraft, on a domestic route that carries domestic passengers, then that cabin crew should be subject to the Fair Work Act; they should be subject to Australian terms and conditions. Anything less than that would be exploitation of those crews that are based overseas; anything less than that is actually taking away Australian jobs in circumstances where there appears to be an abuse of the special visas that are issued, because they would not be able to get a 457 visa in those circumstances. The amendments are the key to this and the amendments arose as a result
of a committee process. That is something that this place does best: in a Senate committee we can rigorously assess legislation and subject it to scrutiny. I readily acknowledge that the legislation needed to be amended to narrow its scope and to remedy the mischief, if you like, of what is occurring right now.

Enough is enough. CASA has been talking about this for years. CASA does have a lot of work to do. I am not being critical of CASA, but I think it is unfair for CASA to throw its hands up and say that this is unnecessary in its amended form. I am not sure that that is what it is saying, but in any event the parliament has a role to sort this out.

Senator Joyce says that this bill will compromise the capacity of an airline to deal in the market it operates in and that it burdens airlines with more regulations and conditions. The key to this is the market in which these airlines operate. If it is a domestic flight—if it is carrying domestic passengers—it ought to be paying Australian wages and conditions or be subject to those rules, including fatigue management rules. The fact is if you have a flight with Etihad or United Airlines between Sydney and Melbourne, they cannot carry domestic passengers. They cannot, because rules of cabotage apply. They cannot do that, but Australian registered carriers can. That is a loophole that allows cabin crew to be paid much less than their Australian counterparts. What is worse, they are not subject to the same rules for fatigue management, and that is a real concern. As Senator Madigan pointed out so well, there is a real issue here with fundamental matters of safety. Senator Gallacher made the point that, if there is an emergency, you have to get people off an aircraft within 90 seconds. When you have cabin crew that have come forward to say, 'We are not safe to operate on an aircraft because we are so fatigued, because we are simply so exhausted, because we are simply so sleep deprived,’ how on earth is that reasonable?

I thank Senator Edwards for his contribution, but he says that this is about an Australian company opening up its markets overseas. I think that criticism would be valid if we were talking about the bill in its original form, but the amendments sort that out once and for all. They unambiguously set out that the intent of this bill is to deal with domestic legs of flights where you are carrying domestic passengers and the way that they can be tagged as international flights. It is being abused, it is a loophole, people are being exploited and, what is more, it is taking away Australian jobs.

Senator Edwards mentioned that Qantas is a strong, iconic brand. I have no issue with Senator Edwards saying that. But why is it that so many of this company's 30,000 employees are fundamentally unhappy with the direction of the airline? Why is it that so many of the terrific men and women that work in Qantas on the ground and in the air, do the maintenance, fly the planes and crew the cabins are so fundamentally in despair over the direction that this airline is taking? Why is it that when something like 150 catering jobs were lost in Adelaide, those employees found out about it through the media? I think that shows disdain for the workforce, which must be noted.

These are matters that must be dealt with. Senator Edwards referred to the issue of the Qantas grounding; I will refer to that in speaking on the next bill. I think Senator Ludlam will also be making a contribution on the next bill. I thank the Australian Greens for their support of this bill and I thank Senator Madigan from the Democratic Labor Party for his support.
I wanted to reflect on the mischief here and on what the safety issues are. Government agencies in the United States, Europe and the United Kingdom have recently responded with increasing vigour to what has been described as a 'call to arms' to address the largesse of concerns that indicate that they collectively may have been complacent rather than chronically uneasy about underlying threats to and weaknesses in the modern aviation industry. This loophole is one of these weaknesses. Yet here in Australia the government response to the June 2011 report of the Senate Rural Affairs and Transport References Committee inquiry into pilot training and airline safety was one of almost disdain for the issues unearthed, and we barely scraped the surface of those issues in that inquiry.

When you consider that those who have been at the forefront of raising these concerns are cabin crew and flight crew, I think that more than anyone they have a vested interest in the safety of their passengers. I want to back the concerns of pilots and cabin crew when it comes to issues of genuine safety concerns. For that matter, how well did Qantas, as a significant shareholder in Tour East Thailand, communicate its corporate ethos in regard to staff relationships, safety and fatigue management and just culture—that is, the culture of being able to complain about safety issues without fear of recrimination—to its crew? I can tell you, they did not. Those crew based in Thailand are by and large terrified of repercussions if they speak out on safety issues. They are terrified of taking sick leave even if they are unwell or injured. They are terrified of speaking out about fatigue issues. Qantas says, 'It is not our company,' but they have a 37 per cent shareholding in it.

I also want to reflect on what will happen if we do not act on this. If we do not act on this we will continue to unnecessarily put the lives of passengers at risk with fatigued crew. We will continue to have a situation where there are two classes of crew on a Jetstar aircraft—or indeed any other aircraft of an Australian airline—that is flying domestic routes tagged as an international flight. If an Australian Labor Party government can sort out the issue of our coastal trade, our shipping, to ensure that there are fair wages and conditions paid on a domestic shipping route where you are carrying domestic cargo, why on earth can't this be fixed? This should really be a straightforward matter.

While fatigue in pilots is the most obvious risk to flight safety, there are other personnel who may be required to make decisions or act in some way to preserve, or certainly not endanger, the lives and wellbeing of the travelling public and those who may, for however brief a moment, be under the flight path of an aircraft. It seems that the government and its aviation portfolio agencies think that these things are not important. Perhaps the opposition still thinks that the bill is an unnecessary interference in the conduct of business. Fortunately, the Fair Work Ombudsman does not share that view and has chosen to prosecute Jetstar over its entirely messy exploitation of cadet pilots under sham arrangements via New Zealand contracts of employment. Of course, the Fair Work Ombudsman has yet to report on its other active investigation into foreign cabin crew employment practices, but let us wait and see what that inquiry reveals.

Finally, I want to thank a person that I have relied on for good advice in relation to this, someone who I believe has great integrity—that is, Captain Dick MacKerras, who used to be chief checking captain for Cobham Airlines. He has also been giving advice to AIPA, the Australian and International Pilots Association. He is
Adelaide based. As a former CASA employee dealing with these issues, he knows his regulations. I am very grateful for his technical expertise and wise advice in relation to these matters. Captain MacKerras is, like so many others in the airline industry, passionate about safety, passionate about getting it right. And right now we are making a mess of things when it comes to cabin crew, fatigue issues and so-called tagged flights being completely exploited in the context of saving a few bucks. That saving of a few bucks potentially compromises safety, but fundamentally it is wrong in the way that it exploits those workers who are based overseas and who work under lesser conditions on what are essentially domestic flights. That needs to stop. That is what this bill is about. I seek leave to continue my remarks.

Leave granted; debate adjourned.

Qantas Sale Amendment (Still Call Australia Home) Bill 2011

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Senator XENOPHON (South Australia) (10:45): The Qantas Sale Amendment (Still Call Australia Home) Bill 2011 is in a sense parallel to the bill that we have just been discussing. I should acknowledge that it is a bill introduced with Senator Bob Brown of the Australian Greens. I would also like to thank Senator John Madigan for his support of this bill, and I understand he will be making a contribution on this. If I have to introduce a similar bill down the track I am very confident that Senator Madigan will be a close sponsor of any future legislation.

On 29 October last year Qantas CEO Alan Joyce took the unprecedented step of grounding the entire airline in response to so-called 'damaging industrial action', to quote him. Across the world 108 aircraft were stranded at 22 airports, over 70,000 passengers were affected and the whole exercise cost countless millions of dollars—estimated at well over $200 million—with an even greater cost to Qantas's image. It was an extraordinary decision for one man to make. It was a decision that affected the nation's economy. It was a decision that seemingly grounded Australia and brought Australia to its knees because of the impact that it had on the tourism sector and the disruption to business and to passengers around the country and around the world.

By this time the lockout was only one link in a chain of extraordinary incidents for a company that was once a byword for Australian values. What was crystal clear was that the current management of Qantas were prepared to alienate their loyal passengers in a similar way to how they alienated their loyal workforce. Furthermore, they did so against a self-portrait of an international operation already bleeding losses everywhere, an operation that they seemed happy to sacrifice to feed the offshore hunger of the Jetstar franchise. So what will be left behind?

This bill aims to amend the Qantas Sale Act to require that Qantas and its subsidiaries and associated entities that exercise Australian rights remain predominantly Australian based. The bill is a response to the very real fears about the future direction of Qantas and whether Australia will be left with nothing more than a shell company bearing the famous flying kangaroo brand.

Alan Joyce joined Qantas in 2000 after a stint at Ansett. He became CEO of Jetstar in 2003 and CEO of Qantas in 2008. He is clearly a very intelligent man, clearly very capable. His background in mathematics probably stands him in good stead for running an international airline. But his time
at Qantas has been marked by major changes in direction for the airline and I think they are major changes that have been thoroughly endorsed by the board. Those changes concern me and they concern many Australians. What was once a leading premium airline in Australia is now at risk of being cannibalised by its own subsidiary, Jetstar. That is the problem.

I note that it was the Keating government that privatised Qantas, and I read the Hansard debates for when then Prime Minister Keating gave the reasons for that. It was about having a competitive airline; it was about ensuring that the Qantas brand could grow. But at no time during that whole debate was it anticipated by anyone, if you read the Hansard debates, that a subsidiary of Qantas could end up cannibalising the parent. At no time was it considered that a subsidiary would grow so big that it could be flogged off, perhaps in a private equity deal, and challenge the viability of the parent company. Right now there is nothing to stop Jetstar being sold off, perhaps in a private equity deal, so that it competes directly with Qantas.

When I have spoken privately to the management of Qantas they have said, 'Look, we would never do that. Why would we do that? Why would we damage our brand in that way?' My retort to that is: if that is the case, you would not oppose any legislation that would restrict your ability to sell off a subsidiary, because that is what is at risk here. I will talk shortly about how big Jetstar has grown compared to Qantas, how Qantas is shrinking in relative terms to Jetstar and the implications that has for our national carrier.

In 2005, in an interview with Alan Kohler on Inside Business, then Qantas CEO Geoff Dixon said he did not think that Jetstar would ever be more than 20 per cent of the size of Qantas. He was wrong. With 86 aircraft to Qantas's 198, Jetstar is now over 40 per cent of Qantas's size. Given that Jetstar has announced plans to grow its fleet to 131 aircraft by 2014, the budget airline is not done yet. If this increase is achieved, Jetstar will be over 60 per cent of the size of its parent. It really seems that for Jetstar the sky is the limit, whereas Qantas is in a completely different category. If Jetstar can achieve this rate of growth, there is a very real possibility that Qantas will be stymied because of competition from its own subsidiary. It is a case of its own brand being cannibalised, but there is nothing in the Qantas Sale Act that prevents that.

Of course, there is no guarantee that Jetstar will be able to meet those targets. But Bruce Buchanan, the CEO of Jetstar, in the Sydney Morning Herald in July last year, reported that Jetstar was planning to increase its fleet in the Asia-Pacific to over 400 aircraft by 2020. That would require a compound annual growth rate of something like 40 per cent. Unless I misunderstood what Mr Buchanan said, that is a lot higher than the compound annual growth rates estimated by the International Air Transport Association, which suggests 5.9 per cent growth in international passengers and 5.7 per cent in domestic. This is not a comforting thought for the future of Jetstar in this area, particularly given the performance of Jetstar Pacific and Jetstar Asia. And let's put this in context. A thousand Australians were made redundant at Qantas as a result of a strategy announced last year by Mr Joyce, saying that Qantas International was losing money—that Qantas International was struggling and that in order to survive it had to pare back and trim its international operations because they were not viable. He said that was why Qantas had to have a premium airline brand based in Asia, firstly in Singapore, then in Malaysia and most recently in Hong Kong. It
is worth mentioning that, when Singapore fell through, off Qantas management went to Malaysia—to Kuala Lumpur—but that fell through as well. Announcements were made that that was not going to be viable. More recently, Qantas has announced that it is going to set up a hub, or an offshoot subsidiary, in Hong Kong. Well, the last time I checked, Qantas had not even secured rights to fly out of Hong Kong. I do not think they have checked the agreements that go back to the time of British colonial rule. They have not checked to see what Cathay Pacific will be doing. Cathay will be resisting that ferociously. So here we have a plan announced to the world when there are no actual rights to fly out of Hong Kong at this stage.

But let us look at what has happened with Jetstar Asia and Jetstar Pacific. In December last year the head of corporate communications at Qantas, Olivia Wirth, said, in an interview on the PM program with the ABC's Matt Peacock, that Jetstar Pacific was 'very close to break even'. That was in response to a report in Viet Nam News that quoted the deputy head of the Civil Aviation Administration of Vietnam, Dinh Viet Thang, as saying during a briefing at the Ministry of Transport that Jetstar Pacific would merge with the national flag carrier, Vietnam Airlines, in a move that was considered the most feasible plan to save the airline from bankruptcy. On the other hand, according to a report in the Sydney Morning Herald, Jetstar Asia's profits have relied on aircraft it has been leasing back to Jetstar Australia. I have seen the books. It seems that but for those leasing arrangements Jetstar Asia, based in Singapore, would not be making any money; it would actually be losing money. So if the future of Qantas involves expanding through Jetstar to offshoots in Asia then I cannot see where the business plan is, given how they have been struggling.

Labyrinthine leasing agreements within the Qantas Group seem to be the way to do business. During a Senate committee inquiry into this bill, I asked Mr Alan Joyce about Qantas's leasing arrangement with New Zealand subsidiary Jetconnect. As a director of Jetconnect, Mr Joyce is required to sign off on the company's accounts. Despite this, he was unable—initially—to clarify a line in the accounts entitled 'aircraft operating variable', with an expenditure of $23.9 million. Often in the aviation industry that line refers to fuel costs. At first Mr Joyce thought this item would include fuel costs. However, he later corrected himself, after obtaining advice—and he should be given credit for that—stating that in Jetconnect's case this item did not include fuel but did include aircraft ownership costs and the lease of those aircraft.

He went on to clarify:

The Qantas group purchases aircraft and allocates them to Jetconnect business, and the Jetconnect business operates those aircraft and charges them back. It should be pointed out that, as a result of a Fair Work Australia hearing into this, some very critical comments have been made about the nature of that arrangement and how little the CEO of Jetconnect knew about that arrangement at the time. Some say this is a sham arrangement, and I think there is some truth to that.

So it appears Qantas runs an international leasing business, purportedly at market rates, whereby it has significant control over one of the biggest items in Jetconnect's profit and loss account while at the same time keeping the balance sheet free of capital assets. But it gets even more confusing. Because Jetconnect is a wholly owned subsidiary, all this information is put back into Qantas's
mainline books. To a financial layperson like me, Qantas seems to be charging itself to lease planes it already owns.

So what is the purpose of Jetconnect, other than the provision of a New Zealand entity—which can therefore employ New Zealand staff at a much lower pay rate than in Australia? I have spoken in this place before about my concern relating to the Qantas Group's allocations of costs versus profits, whereby Qantas seems to carry many of Jetstar's costs while most of the profits appear to be shifted the other way. Qantas and Jetstar management deny that. They say that is not the case. But it is very concerning that in February 2011 the Qantas Group was able to announce an underlying profit of $417 million for the half year ending 31 December 2010. However, on 24 August 2011—six months later—there was a drastic turnaround, with Qantas International reporting a loss of over $200 million and making comments that a continuation of this would be unsustainable.

But Mr Alan Joyce confirmed, in the context of the Senate inquiry that took place in November last year, that the accounting standards that apply to other parts of the Qantas Group's operations, such as the frequent flyer program and freight— Australian Accounting Standard 8, as I remember it—do not apply to Qantas International. So basically there is a lot of discretion in terms of what Qantas can say in respect of that. During the committee inquiry for this bill Mr Joyce indicated that this result was due to Qantas Domestic making enough profit to cover the international operation's losses. He also stated that releasing this information earlier, during the February announcement, did not fall under the disclosure requirements in the Corporations Act.

I think it is worth reflecting on what some commentators have said about Qantas's strategy. I think a very good summary was made by Ian Verrender in the business section of the Fairfax papers. In an article headed 'Joyce's Qantas is off course', dated 13 March 2012, Mr Verrender says that the Qantas Group claims its decision to establish a new premium airline in Asia was based on Qantas's financial state. In reality, as Mr Verrender wrote in the Fairfax media:

… it was first and foremost a threat—a hollow one—to its workforce rather than a legitimate blueprint to turn around the company’s fortunes.

What has happened since then has confirmed that, given that there has been a flame-out of the Malaysian solution for Qantas. Now they have gone off to Hong Kong, and I think that will fall the same way.

Verrender goes on:

It would be unfair to label the abandoned Asian plan as half-baked for it never reached that stage. You don't need to be an aviation expert to realise the problem facing the industry is overcapacity. So how on earth does establishing a new airline solve that? And wouldn't it merely cannibalise your existing business?

The concern then becomes: what was the intention of the Asia plan?

Qantas is currently bound by the 49 per cent rule in the Qantas Sale Act, which means essentially that no more than 49 per cent of the airline can be foreign owned, leaving the majority as Australian owned. But just because Qantas has to keep operating to satisfy the Qantas Sale Act does not mean that its assets cannot be shifted to another airline, one that is not bound by the act. It would seem, based on the fact that the Department of Infrastructure and Transport, with the imprimatur of successive governments, has turned a blind eye to the spawning of various subsidiaries, that any airline could fit that description—an airline,
for example, operating as a budget airline in Australia or as a premium service in Asia. Correspondingly, there is nothing to stop those subsidiaries being sold off for a tidy profit, with no compulsion to reinvest in the original business. It would put serious pressures on Qantas if that occurred. Qantas say they will not do it. If they will not do it, what is wrong with having legislation in place to apply those rules to subsidiaries? I challenge the government and the opposition to deny that, under the current terms of the Qantas Sale Act, there is nothing to stop Jetstar being sold off to a private equity firm, a private equity firm that could then compete head-to-head with Qantas on the same routes that Qantas flies, in a way that would compromise the long-term viability of Qantas.

Recent announcements have seen the shedding of hundreds of Qantas jobs around Australia. So far the airline have promised that none of these jobs will go overseas. But these job losses do not take into account the critical mass needed for maintenance. I acknowledge the work that Senator Madigan has done on issues of Australian manufacturing, the importance of having maintenance in Australia. Qantas say that its A380 fleet is not big enough to have the maintenance done in Australia. With its Dreamliners, the Boeing 787s, I hope that Qantas will make a decision to locate in Australia for all its maintenance, including its heavy maintenance. If Qantas moves other maintenance offshore while phasing out its 747s, its maintenance activities here could become totally unviable. I hope we never get to that stage.

We have already seen the start of the end of some of Qantas's more significant maintenance facilities. In his book *The Men who Killed Qantas*, Matthew Benns writes:

Qantas built its enviable jet safety record on a superb, well-trained and well-funded engineering department that maintained planes to an impeccable standard.

Qantas is full of staff who reminisce about the good old days because the future does not look so bright. They are worried about what will happen tomorrow—not just to their jobs, but to the people who have trusted them with their lives.

There has been discussion about the intention of the Qantas Sale Act, about whether it should still be abided by or whether it is simply an extra burden for an airline to carry on in a difficult market. Most of the recent discussion has been centred around Virgin Australia's plans to drastically reshape its ownership structure to allow more foreign investment. Essentially, current laws limit Australian international flag carriers to a maximum of 49 per cent foreign ownership but allow domestic airlines to be fully foreign owned. The only way to maximise foreign investment is to separate the domestic and international operations into independently managed and controlled entities. That is why I asked a question in the Senate not so long ago about Virgin Australia's plans. This is an issue that affects not just Qantas but also other Australian based carriers that fly overseas.

In short, Virgin Australia could well become a domestic airline that owns an independently run international business. Something of a burning question for me is: who establishes that legal and practical independence and by what means? Importantly, is the decision transparent; moreover, is it reviewable? In the broad context of the intent of the Air Navigation Act, should the foreign ownership limitations be so easily avoided by a corporate restructuring as is proposed? And, in the narrower context of the Qantas Sale Act, should Qantas be free to do the same?

This bill is about not just the future direction of Qantas but the future direction of Australian aviation. We saw what the
lockdown meant to the Australian economy and to the Australian people just a few short months ago. The Qantas Sale Act has loopholes that this bill is intending to rectify. My challenge to my colleagues in the opposition and in the government is to say that the act in its current form which has been endorsed by successive governments will not prevent Jetstar being sold off to a private equity company. When I sum up in relation to this bill, it will be worth reflecting on what would have happened to Qantas, one of the great Australian companies, one of the most recognisable Australian companies in the world, if that private equity deal that was mooted back in 2007 had actually gone ahead? If it had, I do not think we would have a Qantas today. That is why I urge my colleagues to support this bill.

Senator STERLE (Western Australia) (11:05): I rise to contribute to the Qantas Sale Amendment (Still Call Australia Home) Bill 2011. But, firstly, I want to acknowledge the hard work and commitment from Senator Xenophon. I also want to acknowledge my fellow RAT committee member and friend Senator Gallacher—for those who do not know what RAT is, it is the Rural and Regional Affairs and Transport Committee. We saw a few cameo appearances on the way, including from Senator Edwards, who was at each and every hearing, and from Senator Ludlam, who made a very good contribution early in the piece.

Before I go further, I really need to clarify one very, very important issue. The beauty of being able to contribute to Senate debates and to parliamentary debates is that our second-reading contributions can be far-reaching, as they involve every topic that may be around on the day. Senator Edwards made a statement that desperately needs to be corrected. Senator Edwards, dutifully reading from the notes from the shadow minister for transport's office—Mr Truss, I think—actually had a little crack at us because the modus operandi of the opposition seems to be, 'We have to turn everything around to the carbon tax.' I heard a contribution that had nothing to do with the bill—and that is fine. Senator Edwards chastised the Gillard government for increasing the passenger movement charges by some 17 per cent—which is correct. The reasons for these passenger movement charges are many. As you would know Mr Acting Deputy President Marshall, with your vast experience in the aviation industry, they cover things like airport security, biosecurity and the like. We also know after that very tragic incident at Sydney airport in 2009 or 2010, when the bikies were warring each other, we should put taxpayer funds into increasing not only biosecurity but also aviation security.

But it is rather hypocritical for someone on the other side to make this an issue when back in 2001, with the support of the Labor opposition, the then minister—I believe it was Warren Truss but if I am mistaken I will correct that—raised the PMC charges by some 26 per cent. I am led to believe that back in 2001 we had some very serious issues with foot and mouth disease. If the opposition wants to have a go at us for putting Australia's aviation security and biosecurity at the forefront of protecting our great country then I suggest that, rather than suffering from foot and mouth disease, Senator Edwards, through no fault of his own but with the help of Mr Truss, has just suffered foot in mouth.

Moving to the bill: as I said, it was referred to the Rural Affairs and Transport Legislation Committee. We held three public meetings, the first here in Canberra on 4 November 2011. The only unfortunate part of that was it was very hard to get into the nuts and bolts of the bill, because, as we would be well aware, the previous week saw...
the unprecedented decision to shut down our national carrier. Quite rightly, senators were not only aghast but also quite cranky. The majority of the committee directed questioning around the reasons for not only jeopardising the travel plans of some 80,000 passengers—not only in Australia but also throughout the world—but also causing the immense damage it did to our economy. The committee asked how we could ever have got to the stage where one person—that is what Mr Joyce is—could make the decision to ground the national carrier?

We also took evidence in that inquiry of aircraft not only being grounded once they had landed but also actually being pushed off. The evidence is in Hansard, in the public arena, from one of the pilots through the Australian and International Pilots Association, that the aircraft was boarded, the doors had been shut, and the push-off, I think they call it, was made from the airbridge at Los Angeles airport. I believe the aircraft was an A380. It was pushed back some 10, 15 or 20 metres and then the call came through, 'Bring it back; put it back on the airbridge.' There was absolutely no explanation to the crew, no explanation to the passengers on the plane: 'There you go, tough, we're grounding it.' All because, I am led to believe, at some stage pilots had the audacity to wear red ties. If I can bring down an airline with this red tie then I will go down in folklore. The pilots also made some announcements saying, 'If you're going to fly, can you please support Australian pilots on Qantas aeroplanes.' I still shake my head.

On 24 November there were also some 13 submissions, which were well read by the committee. Then we had Qantas come back on 6 February to endeavour to clear up a few concerns that we had. As I said, the assistance that I received from my fellow committee members was very much appreciated. There were a number of recommendations that came from that inquiry. One related to the Qantas Sale Act—I think it was recommendation No. 4 or 5—and it encouraged the government to look into it a bit deeper. Maybe we might have to strengthen the Qantas Sale Act so that Senator Xenophon's fears are not realised.

The bill would require Qantas, its subsidiaries and any associated entities to have their principal operations centre located in Australia. It requires the majority of heavy maintenance and flight operations conducted by Qantas, its subsidiaries and any associated entities to be undertaken in Australia. In addition, it requires that the Qantas board includes directors with flight operations experience and aircraft engineering experience and enables shareholders to seek injunctions to enforce certain provisions in Qantas's articles of association—that is, its constitution—that are mandated by the Qantas Sale Act 1992.

While we talk about that, it must be made very clear that the government does not support this bill. As I said, the Senate Standing Committee on Rural Affairs and Transport examined it. We did that thoroughly. I will say, as a fellow who has been threatened with law suits by Qantas on a number of occasions in the good old days when I was a TWU organiser—let us get that on the record—that I love Qantas; make no mistake. I love the red-tailed kangaroo on the back of that aeroplane. As Senator Xenophon or Senator Madigan said, there is nothing more heart warming, when you are overseas and in an airport lounge, than seeing all of a sudden that white kangaroo on a red tail go by. It really does make you feel that you are nearly home.

I am fully supportive of Qantas as a company. It employs just under 38,000 employees. I also want to let you know, Mr
Acting Deputy President, that for years I was part of enterprise bargaining negotiations with Qantas under a previous regime, under a previous board. Qantas at the time was a very decent employer. Qantas, at the time that I was a union organiser and threatened with suits by Qantas for misdemeanours that I still say I am innocent of, was at the end of the day a group of decent people who wanted the best for their employees. They wanted the best for their shareholders and they wanted the best for their country. Lots has been said over the last year about the way things have been happening, but I just want to touch on some other misnomers that need to be corrected for the record, not only in relation to the threat to bring down an airline because the pilots wore red ties. There are a lot of innuendo and a lot of accusations swirling around about members of the Transport Workers Union—yes, I am a member of the Transport Workers Union, and am very proud to say they have not thrown me out yet; nor will they, I hope! There were some 200 meetings to renegotiate the enterprise bargaining agreement. In case you did not quite hear that: there were 200 meetings. I am told very clearly—and I was kept informed all the way through—that, in those 200 meetings, Qantas did not want to talk.

There is some mischievous media out there, but we all know that you do not believe everything you read. If you actually believed everything you read you would think there were greedy ground-handlers, which Senator Gallacher, who is in the chamber, used to be; not greedy, but a ground-handler. He knows the industry backwards; better than I or these greedy baggage-handlers or these greedy catering staff who wanted only to send the airline broke by demanding ridiculous pay rises. No-one gave a fat rat's backside about the point that baggage-handlers and catering staff work around a 24-hour shift cycle. They do not have the luxury of the majority of Australian employees, who can have a good night's sleep, get up in the morning, go to work and do their eight or 10 hours or whatever it may be; they have rotating shifts. I remember walking into Qantas flight catering back in 1997. It had 260 employees. I could not believe it was the norm to accept that your shift for the week might be two afternoons and three nights, then you would have a weekend off and come back and do five nights. I am sure Senator Gallacher would be able not only to quantify that but talk about it in a lot more depth.

So these are not radical maddies who want to bring down an airline. In fact, when you walk into Qantas, whether it be in baggage handling, the freight centre or the catering centre, you get this strange feeling that they are family, that they do not see Qantas as a rogue employer. It is their family and if you dare speak ill of Qantas, don't they give it back to you! So it was incredible to sit watch the nonsense that some carried on with, that the TWU were going to bring the airline down. They were not asking for massive pay rises. The quantum when I was organising—when Senator Gallacher was the National President of the TWU, and the hardworking South Australian Branch Secretary—was normally around three per cent a year. That was about it; there were a couple of times where it might have been five per cent. But these negotiations were actually what I said they were: negotiations. No-one had a gun to anyone's head. They were negotiated in good faith, ratified by the Australian Industrial Relations Commission and signed off, and everyone got on with the job.

So, on 200 occasions, all the TWU wanted, on behalf of their members—and they made this very clear—was job security. Before I get howled down by the captains of free enterprise over there, I see absolutely
nothing wrong with a worker in Australia wanting job security and wanting job security not only for themselves but for the next generation of Australians. What is wrong with that? As long as their employer is buoyant and is making money, there is nothing wrong with that. As any decent parent in Australia would, we should put foremost in our minds job security not only for us to be able to provide for our children but so our kids can get a damn job too. They should be able to get a good paying job. They should not have to fight for the ridiculous, disgraceful rates of pay, such as those in China, that I hear thrown around the country as those we have to compete with. I do not want to compete with China. I do not want my kids to compete with China. I want my kids to be employed under Australian wages and conditions, and I am quite prepared to fight till my last breath on that.

So when I hear the nonsense that 'Mr Joyce and the board of Qantas had to act, and had to act straight away because the TWU were damaging our major brand', I think, 'You want to talk about damaging a major brand?'

I look through the members of the board of Qantas, and I see there some interesting people who have wide-ranging life skills and business skills. There are probably some very decent human beings who would be fantastic employers. Then there are a few other characters who—well, I do not have the ability to say much about them, but I do have to raise certain questions. I look at the chairman and independent non-executive director, Mr Leigh Clifford AO. I do not know Mr Leigh Clifford from a bar of soap. What I do know is that Mr Leigh Clifford was appointed to the Qantas board in August 2007 and chairman of Qantas in November 2007. Fantastic: I also see there are a couple of other board members who have been around for a little while: General Peter Cosgrove, the darling of the Howard era. Okay, he was probably a fantastic soldier, but he has been on the board only since 2005. What experience he has in aviation, I don't know and it is not for me to say. But another one, Patricia Cross, has been an independent non-executive director since January 2004. I flick through and I come to Dr John Schubert, from October 2000—he is no newbie; he's been around a while and seen a bit of it. And of course there is Mr James Strong. He has been back on the board since July 2006 but let us not forget that Mr Strong, as Senator Gallacher would remember, was the Chief Executive Officer and Managing Director of Qantas between 1993 and 2001. If I remember rightly, at the time we were negotiating enterprise bargaining agreements with Qantas, Senator Gallacher, he was the boss and it was all signed off; no-one was forced, dragged in kicking and screaming with baseball bats held over their heads. That is great—tremendous.

Now I want to go back to when Mr Clifford was appointed the chairman of the board. Bear in mind that the unions are supposedly going to destroy this great icon, this great business, and that it employees are out to knock it off. I will give Mr Clifford the benefit of the doubt. I do not know whether he was employed on 1 November 2007, when the shares opened at $6 and they closed at $6.05. I do not know whether he was appointed on 30 November 2007, when the shares opened at $5.75 and closed at $5.85. What I do know, though, very clearly, is that while the board of Qantas is trashing its own employees and bemoaning how they would risk the airline and how they just want to kill the Qantas brand, I can confirm, and I want to share with the Senate, that the opening share for Qantas on 8 May, which, correct me if I am wrong, was the day before yesterday. I should know; it was my dear
mum's birthday: Happy Birthday Mum! Oops-a-daisy, I will cop it when I get home!

On 8 May, the opening share price for Qantas, the Spirit of Australia, under Mr Lee Clifford's chairmanship was $1.55. And under the astute leadership of Mr Leigh Clifford AO, the shares closed at $1.53.

Before I get screamed at from those opposite, there is absolutely no argument that there are numerous global challenges for Qantas. I fully and wholly understand that as much as anyone in this building. When you are a global business you are subjected to global challenges. I also know the volatility of rising fuel costs. I also remember back in 2000 laughing to myself and thinking: 'S1 a litre fuel? It is never going to happen.' I know: I get it.

But it is very disconcerting to see what happened at the Qantas AGM, just 24 hours before the board of Qantas, that great Australian company, the Spirit of Australia, made one of the greatest decisions to have jeopardised the travelling public and a national icon. I was at the AGM, proudly representing Qantas workers and proudly in the company of the national secretary of the TWU, Mr Tony Sheldon. At the meeting I witnessed the reappointment of some of the people I have named here. Not only did they get another term but also another pay rise. And good luck to them. I have no problem with pay rises as I have spent my working life fighting for them. I also spent my working life—sadly not a lot of it—putting my hand out and taking pay rises for myself. But I was there when the board, in its wisdom, 24 hours before grounding our national carrier, proudly announced a 71 per cent increase for their CEO, Mr Joyce. I did not make that up. I thought to myself, 'Nice gig if you can get it. I would love a 71 per cent pay rise.' I do not give a fat rat's backside if any employer gets a pay rise. If the board deemed that Mr Joyce was worth a 71 per cent increase, that is fair enough—no problem. But what I do struggle with is when a CEO of a company gets a 71 per cent pay rise and condemns his employees for wanting a three per cent pay rise. If Mr Joyce had said, 'I cannot take a 71 per cent pay rise because I am bagging the living daylights out of my employees,' that would make him a greater Australian. So, we just need to get balance. I support pay rises, I support Qantas, but we do not support the bill.

Senator JOYCE (Queensland—Leader of The Nationals in the Senate) (11:25): Quite obviously we still want Qantas to call Australia home and we want the airline to remain an Australian entity, and it will. But we cannot take the position where we start telling organisations how they must operate overseas. If Woolworths go overseas and open up a shop in Ho Chi Minh city, we cannot start insisting that the people at the checkout get paid Australian wages, otherwise it is not going to stay in business for very long. The reality is that we want Qantas to succeed, and to succeed it has to operate under the terms and conditions that keep the dignity of what it is to be Australian but deal with the commercial realities of exactly where they are. If you impose all these conditions on Qantas the result will be to put it out of business, not keep it in business.

Obviously issues will come to light—I think Senator Xenophon may have mentioned this before—and there are issues aplenty in aviation. I think the next one will be Etihad's involvement in trying to grab hold of Virgin and shell it out and turn it into basically an overseas airline. These questions are afoot all the time and we are going to have to try to work out how we deal with them. You cannot manipulate by legislation the actions of a company that is dealing in an extremely tough commercial environment.
It was great listening to Senator Sterle—he seems to have left the chamber now. In the rambling diatribe that we will call a speech, he did go to one interesting area: job security.

Senator Edwards: Job security and profitability.

Senator Joyce: Yes, job security and profitability. Correct me if I am wrong, but this is the same party that is going to bring in the carbon tax. Is that correct? You may ask how this is relevant to the airline industry. I will tell you exactly how it is relevant. The carbon tax is going to go on airlines that operate domestically but not on the ones coming into Australia. So, they are creating a tariff against their own workers. They are part of a process to drive their own workers out of a job. Why would they do that?

It seems the Labor Party thinks there are two types of planes. There are evil, nasty, naughty Australian planes with evil, nasty, naughty Australian workers in them. Then there are righteous planes, the ones that come in from overseas. They become righteous as they pass over water towards us. But they are evil if they are owned in Australia and go in the other direction.

We now have a situation where if you go to Fiji you will not pay the carbon tax, but God help you if you go to Cairns. It is completely immoral to go to Cairns, so you must pay the carbon tax. If you go to Fiji or go surfing in Bali it is okay. But if you go to Margaret River in Senator Sterle's state to go surfing you pay the carbon tax. And they talk about job security!

At one stage Paul Howes of the AWU told us that if the carbon tax cost one job he would stand up against it. Brave Paul Howes! Anyway, brave Paul Howes is nowhere to be seen these days. We have not heard much lately from brave Paul Howes about the carbon tax. Brave Paul Howes has become invisible Paul Howes. He is probably writing another book. He is the only man I now who has written more books than he has read. He will be out there writing a book about how influential he is. It will be great bedtime reading. Circulation might not be so good, but he will be out there writing. I would love to see him stand up and do something for the workers he represents.

The ACTING DEPUTY PRESIDENT (Senator Fawcett): Senator Joyce, I draw your attention to the requirement to be relevant to the bill.

Senator Joyce: But it is a good speech, don't you think? This bill has 'call Australia home' in its title, and we want to make sure that we maintain Qantas in Australia. We all have similar beliefs. But to keep Qantas here we have to make sure we give it the capacity to compete. If you are going to jam a tax on the fuel, it will not be able to compete. If you are going to jam a tax on basically everything it does—a new carbon tax on every bit of power that it consumes—then Australia will not be home for Qantas. Nowhere will be home for Qantas, because it will go broke. This is a mad, manic economic policy from the Australian Labor Party. That is basically what is going to happen.

Senator Sterle talked about us competing with China. He does not want Australia to be like China, and neither do I. I want the Chinese to be like the Chinese and I want Australians to be like Australians. We are all very happy with our identity, but the Labor Party will take us down to the lowest common denominator if it continues to put on excessive overheads so business cannot compete. The most obvious overhead at the moment is the carbon tax. If we really wanted to keep Australia home to Qantas, we would be making sure that we removed unnecessary overheads and did not impinge
on the business's capacity to compete in overseas environments. Where do we stop? If we start with Qantas, the next time BHP opens a mine in Africa or Indonesia are we going to insist that the workers at the mine get paid Australian wages? It would be a very noble gesture, but it would not work. It would be impossible. So how can we do it to Qantas or Jetstar? It is just not going to work. Yes, there are rights and obligations but we do have protections via access arrangements for major routes in Australia, and this is a mechanism by which we can support Australian jobs and conditions of employment in Australia.

We do want to make sure we do whatever is in our power to not put a burden on the company and send it out the back door. Rather than prosecute the company, we want to encourage it to, of its own volition, make sure it stays a vibrant Australian organisation. It is doing that the moment because it is still making a profit, which is good to see, while other airlines are going broke. Other airlines are heading out the back door, and we want to make sure that that does not happen to our airline so in the future we can still turn up at the airport and see the big red-tailed plane with the white kangaroo on it and say it is a representation of our nation—and long may that be the case. We have shown in the past a capacity to ensure Qantas remains an Australian company. That was part of the Qantas Sale Act, and it remains the case. But you either grow or disappear. If Qantas is growing in other markets, ultimately that is good for us—it is good for the bottom line of the company and it ultimately keeps the company on the books and in the air. It is obvious that to do that it has to deal with the commercial realities of the places it operates in.

The bill proposed by Senator Xenophon seeks to amend the Qantas Sale Act 1992 and impose tougher requirements on Qantas and Jetstar operations. The bill would change the make-up of the Qantas board and give minority shareholders greater rights, and require Qantas to undertake the majority of its heavy maintenance and flight operations and training in Australia. I just do not think you can do that to an organisation. It is for the stewardship of the organisation to try as best as it can to make sure it stays profitable. We have seen an incredible deterioration in the relationship between the management of Qantas and the workers, and we are happy to see that that situation now seems to be resolving itself. We want to make sure that continues. It is not in any person's interests to have planes parked at the airport with no-one flying in them—it is not in the interests of the airline, because of course if it is not flying it is going broke, and it is not in the interests of the workers, because if they are not working they are going broke.

The restructure was strongly opposed by the Transport Workers Union and the Australian and International Pilots Association. It was also opposed by the Australian Licensed Aircraft Engineers Association, the Australian Council of Trade Unions, Senator Xenophon, the Greens, the Australian Labor Party—particularly Senator Glenn Sterle—and Bob Katter. All of these parties claimed that the restructure breached the intent of the Qantas Sale Act but acknowledged that the restructure most likely did not breach the legislation in its present form. That is basically the issue before us at the moment. The Qantas Sale Act, which is what this legislation goes to, was introduced when Qantas was privatised to ensure that Qantas remained in Australian hands. It required that no more than 49 per cent of the issued share capital of Qantas Airways may be owned by foreign persons. That remains the case. It also said that Qantas must maintain its principal centre of
operations and its headquarters in Australia. I am not suggesting for one moment that we have not had people who have pursued us to change that, but we have not changed it. We have made sure that Qantas is maintained as an Australian organisation. It also said that the name 'Qantas' must be preserved for the company's schedule of international passenger services.

We will not be supporting Senator Xenophon's bill because it would require the majority of Qantas's heavy maintenance, flight operations and training facilities to be located in Australia, and additionally these requirements would be extended to Qantas subsidiaries and associated entities. Once more, if it is all right to do it to Qantas, why not do it to Woolworths, why not do it to BHP, why not do it to any other organisation—why not do it to private organisations when they decide to go overseas?

Senator Xenophon: This is our national carrier.

Senator JOYCE: Senator Xenophon is telling me that Qantas is the national carrier. I agree with him—it is. It is definitely the national carrier. I never thought it was not.

The bill also requires that two people, one with at least five years of professional flight operations experience and one with at least five years of aircraft engineering experience, be appointed as members of the Qantas board of directors. Once more, you are going into a company and starting to nominate whom you want on their board. Where do we stop? Do we start doing that for every company? Do we have a roam through companies on the stock exchange and then through private organisations and start telling them what qualifications they need on their boards? Do we now know better than they do what qualifications they need on their board? That judgment is made by a group of people called the shareholders. If they do not like who is on your board, they stop buying your shares and your share price will tank. The competencies required to run a company are best assessed by the people who own it—and the people who own it are the shareholders.

Presently, the Qantas Sale Act 1992 provides that a court may, on the application of the minister, restrain Qantas from engaging in particular conduct. The amendments would extend this power to any group of 100 shareholders who, collectively, own at least five per cent of the shares in Qantas. Once more, we are getting into a very interesting place—a place where five per cent can act as a majority. If five per cent can act as a majority, you have some serious issues. I do not know how democracy would work if we applied that concept here, but it would be an interesting chamber if five per cent could start forcing us to legislate a particular way. I suppose the Greens do have a crack at doing that, but it does not stand logical scrutiny for five per cent to be able to determine the actions of a company. For the sake of the five per cent, you neglect the rights of 95 per cent. That just does not pass muster.

This bill unfortunately, I think, has more problems with it than the last one. Why? Because it starts grabbing hold of concepts which, if you extend them logically, do not make sense. Once you have said this is right for one company, you cannot argue the case that it is not right for others. Qantas might be the national carrier, but what do we say about the national retailer or the national miner? Do we go to Ramsay Health Care and start talking about them as the national private healthcare provider? Where does it stop?

This idea sounds good until you read the bill. Once you read it, you realise that it is going to cause more problems than it is
going to solve—vastly more. Ultimately, the consequence will be that you will put a company that you want to remain as the national carrier in a position where it is at a financial disadvantage. If that financial disadvantage remains over a period of time, Qantas might decide to remove itself from markets. By so doing, it would become a weaker organisation overall. That would reduce its capacity to finance its fixed capital, fixed capital which is locked in, which was present prior to this bill going through. After this bill goes through, the cash flow which underpins that fixed capital will be inherently different. That has the potential to end up causing major problems throughout the organisation. The result would be that Qantas would either have to retire capital—capital assets which would have been pushed past the tipping point of economic viability—remove itself from routes or start going backwards, making a loss. None of those alternatives are good for Qantas. None of them support Qantas remaining as the national carrier.

Unfortunately we see this sort of thing in other places—a typical one being water policy, where you are going into areas and removing productive capital in such a way that it no longer supports the existing local economy. If you go to a town and buy the water back, meaning the rice mill no longer gets sufficient throughput, it is not just the farmer that leaves; ultimately, the rice mill closes down and the structure of the town falls apart. If, after the construction of capital, you start to damage the cash flow which underpinned that capital investment, the capital will stop contributing to the business—it actually starts leaching from the business and starts being an encumbrance on the future viability of the company. It is clumsy and inefficient and ultimately it costs everybody. The coalition will not be supporting this.

**Senator LUDLAM** (Western Australia) (11:42): The only thing I would like to say in response to Senator Joyce's speech is to thank him for at least not using his full 20 minutes. I acknowledge the work that Senator Xenophon has put into this bill, the Qantas Sale Amendment (Still Call Australia Home) Bill 2011, and the one we were debating previously, the Air Navigation and Civil Aviation Amendment (Aircraft Crew) Bill 2011. I will add my comments to those of Senator Xenophon, who has followed this issue closely. I also point out that this second bill is co-sponsored by Senator Bob Brown.

Having sat through the debates on the previous bill, I suspect that the government had made their minds up before they had even bothered to read the amendments Senator Xenophon had taken the time to put forward in response to the work the committee did on the first bill. It is therefore a bit hard to take at face value the comments of senators such as Senator Sterle, who stood up and basically acknowledged the merit of the work but then suggested, as so frequently happens, that, although this bill is well-meant, there will be no government support for it.

Probably the less said about Senator Edwards's contribution the better. It was quite an extraordinary spray about the evils of unions. That you could come out of the experience of the grounding, with zero notice, of a national airline that stranded tens of thousands of people around the world—with air crews being told, while their aircraft were in midair, that their airline was no longer functioning—and make that the fault of the people wearing the red ties and making announcements over PAs shows an extraordinary ability to miss the point. Nonetheless—and recognising that we do not have a huge amount of time left in the debate—we certainly support this bill.
The idea of amending the Qantas Sale Act to require that the Qantas principal operations centre be located in Australia should be unnecessary. The purpose of this bill is to acknowledge the fact that the spirit, if not the letter, of the Qantas Sale Act is being violated by the way that Mr Joyce is running the carrier. We recognise that this is a difficult business to be in and that, essentially, the three components of expenditure in a business like this are the capital—the aircraft and the maintenance of the aircraft—the fuel, and the staff, particularly the crew. We recognise that there is not a great deal of wriggle room in an industry as competitive as this one and that you would want to think very carefully before you compromised on any of those three components, for the reason that Senator Madigan pointed out quite eloquently.

All of us in this chamber as people who fly an abnormal amount should declare an interest in the integrity of the aircraft, in the qualifications of the maintenance crew, in the airworthiness of the fleet and, in particular, in the skills and talents of the people operating those aircraft on the ground and in the air, especially in the rare event of an emergency or an incident in which the lives of the passengers and crew are suddenly in play. You would need to think very, very carefully before going out and compromising, purely for the sake of competition, any of those three things, particularly in an age of high oil prices.

The Qantas Group today employs more than 30,000 people across a network that spans more than 180 destinations in more than 40 countries. After the decision was made to privatise the national carrier, it was left in this rather odd, hybrid position of being neither a purely private company operating in a private market nor something bound and constrained by an act of parliament; it is an uneasy hybrid of both of those things. But nobody has come into this debate proposing to simply repeal that act. It is at least implied—I think, even in the contributions of those who have quite clearly marked their cards as pro management and against the workforce—that the Qantas Sale Act should remain. There is some public interest in retaining the concept, at least in spirit, of a national carrier, of a national flag.

As the Senate is well aware and as has been discussed, on 16 August the Qantas CEO, Alan Joyce, announced plans to cut 1,000 jobs as part of a restructuring that includes a huge aircraft order and the establishment of two new carriers in Asia which would not necessarily even be branded with the Qantas insignia. You might scratch your head and wonder, 'Well, what's that got to do with being the national carrier of Australia?' I think that is certainly worth pondering, because that decision obviously led to the lockout of the airline's workforce.

Partly in response to that industrial dispute, my House colleague Mr Adam Bandt MP, the Australian Greens member for Melbourne, introduced a private member's bill, the Fair Work (Job Security and Fairer Bargaining) Amendment Bill 2012, which is yet to be debated in this chamber. The bill provides that employers must give the same amount of notice, 72 hours, before a lockout of employees as employees must give of any industrial action, and allow Fair Work Australia, when deciding to terminate protected action as it did in this instance, to have regard to whether it considers that the purpose of a lockout is to make any application more likely to succeed. That was quite clearly the intention and purpose of the lockout that inconvenienced and stranded so many tens of thousands of people last year. This bill seeks to prevent employers in future from using Qantas style lockouts as an industrial tactic—because that is all it was; that is quite
clearly all it was. If you balance people making announcements over PAs prior to flights, aircrews and people wearing red ties, using those sorts of tactics to remind paying passengers of the issues—like when they see John Travolta up there on the screen saying, 'I really want to make sure that it's a Qantas pilot on the flight deck'; that video disappeared very quickly, didn't it?—and other kinds of low-key industrial actions against the forced closure of an airline for a couple of days, it absolutely beggars belief.

I wonder whether senators in future contributions to this debate might want to indicate what they think of the proposal by the member for Melbourne to introduce that kind of industrial balance into our system, as his bill also introduces a mechanism for Fair Work Australia to make orders that are proportionate to the industrial action. At present, they can suspend or terminate all industrial action, even if only one party is causing significant damage. Of course, there are elements of the trade union movement who are intimately involved in aviation who took no such industrial action. Their workers were locked out.

The intent of the Qantas sale bill put forward by Senators Xenophon and Brown is to provide some security to the Qantas workforce and to its passengers, and to ensure that Australia's national interest is taken into account by Qantas management. It is our national carrier—nobody has stood up in this debate and proposed that not be the case—as Senator Joyce agreed in his most recent contribution. It should live up to its marketing slogan of being the spirit of Australia and demonstrate a commitment to Australian jobs and the skills of our workforce.

I look forward to commending these bills to the chamber at a future time and putting them to a vote. I wonder whether some of the Labor senators who have spoken in this debate might care to come over to the crossbenches at that time and vote with us. Certainly, those who have come in here wearing a red tie and assuring us that they support the intentions here, saying that they are good intentions and that Senator Xenophon has done the right thing in bringing these issues to the fore, might actually like to back that up by voting for the legislation—the very simple and sensible legislation that we are commending to the chamber this morning.

Once again I would like to thank Senator Xenophon for the huge amount of work that he has put into prosecuting this case on behalf of the people who keep us, as very frequent users of air travel, in a safe environment, and for looking after the interests of the workers, who deserve nothing less than our support as legislators to make sure they are properly remunerated and that they are awake at work. I commend this bill to the chamber.

The ACTING DEPUTY PRESIDENT (Senator Parry): Senator Edwards, you have 42 seconds.

Senator EDWARDS (South Australia) (11:51): I rise to make a few comments on the Qantas Sale Amendment (Still Call Australia Home) Bill 2011. Senator Sterle earlier referred to my words as being ghosted by shadow minister Truss. I can assure Senator Sterle that none of the work here this morning has been presented to or even discussed with the shadow minister. This bill looks to amend the Qantas Sale Act, an act that is 20 years old. I urge this chamber not to support this bill. Twenty years is a long time in the airline industry. (Time expired)

The PRESIDENT: Thank you very much for that excellent contribution!
PETITIONS
The Clerk: A petition has been lodged for presentation as follows:

Public Holidays
To the Honourable President and members of the Senate in Parliament assembled:

This petition of certain citizens of Australia draws the attention of the House that:

Weekend and shift workers are disadvantaged whenever Christmas Day, Boxing Day or New Year's Day falls on a weekend and the public holiday substitutes (is moved) to the following Monday or Tuesday.

When substitution occurs workers rostered to work on the actual special day falling on the weekend don't receive a public holiday whilst workers rostered to work on the substitute day do.

This is unfair to weekend and shift workers.

Some States have legislated for Christmas Day, Boxing Day and New Year's Day to be public holidays when they fall on a weekend plus provide an additional public holiday on the following Monday or Tuesday.

Weekend and shift workers are also disadvantaged because Good Friday, Easter Saturday (in most states) and Easter Monday are public holidays but Easter Sunday (except in NSW) is not. (The NSW Parliament unanimously legislated for Easter Sunday to be a public holiday.)

This is unfair to weekend and shift workers.

Parliament should legislate a uniform standard across Australia.

Your petitioners ask the Senate:

Amend the National Employment Standards in the Fair Work Act to include:
1. An additional public holiday (not a substitute day) on the following Monday and/or Tuesday whenever Christmas Day, Boxing Day or New Year's Day fall on a weekend.
2. Easter Sunday as a public holiday.


Petition received.

NOTICES
Presentation
Senator Rhiannon To move:
That the Senate—
(a) notes that:
(i) the World Health Organization estimates there are 9 300 new cases of multi-drug-resistant tuberculosis in Burma each year, yet only around 300 people are currently receiving treatment,
(ii) Burma has some of the lowest coverage rates for anti-retroviral treatment in the world, yet anticipated funds from the Global Fund's round 11 that would have paid for 46 500 additional patients on anti-retroviral treatment, helping to bring total coverage to close to 100 000 people by 2018, has been cancelled, leaving tens of thousands of lives hanging in the balance, and
(iii) Australia is a generous donor to Burma, yet very little overseas development aid funding is currently available for HIV/AIDS and tuberculosis treatment; and
(b) calls on the Government to urgently prioritise HIV/AIDS and tuberculosis treatment in its aid program to Burma by:
(i) increasing both bilateral and multilateral aid funding for HIV and tuberculosis treatment programs in Burma,
(ii) providing additional emergency funding for the Global Fund in 2012 and actively encouraging other donors to do the same, and
(iii) supporting the Government of Burma in taking the necessary steps to facilitate the planned scale-up of HIV and tuberculosis treatment.

COMMITTEES
Selection of Bills Committee
Report
Senator McEWEN (South Australia—Government Whip in the Senate) (11:52): I present the fifth report of 2012 of the Selection of Bills Committee.

Ordered that the report be adopted.
Senator McEWEN: I seek leave to have the report incorporated in Hansard.
Leave granted.
The report read as follows—
SELECTION OF BILLS COMMITTEE
REPORT NO. 5 OF 2012
1. The committee met in private session on Wednesday, 9 May 2012 at 7.29 pm.
2. The committee resolved to recommend—
That the Low Aromatic Fuel Bill 2012 be referred immediately to the Community Affairs Legislation Committee for inquiry and report by 21 September 2012 (see appendix 1 for a statement of reasons for referral).
3. The committee resolved to recommend—
That the following bills not be referred to committees:
- Customs Amendment (Anti-dumping Improvements) Bill (No. 2) 2012
- Customs Tariff (Anti-Dumping) Amendment Bill (No. 1) 2012
- Customs Tariff Amendment (Schedule 4) Bill 2012
- Federal Financial Relations Amendment (National Health Reform) Bill 2012
- Health Insurance Amendment (Professional Services Review) Bill 2012
- Paid Parental Leave and Other Legislation Amendment (Dad and Partner Pay and Other Measures) Bill 2012
- Telecommunications Interception and Other Legislation Amendment (State Bodies) Bill 2012.
The committee recommends accordingly.
4. The committee considered a proposal to refer the Family Assistance and Other Legislation Amendment (Schoolkids Bonus Budget Measures) Bill 2012 to the Community Affairs Legislation Committee, but agreed that the bill not be referred to a committee.
5. The committee deferred consideration of the following bills to its next meeting:
- Malabar Headland Protection Bill 2012
- Migration (Visa Evidence) Charge Bill 2012
- Migration (Visa Evidence) Charge (Consequential Amendments) Bill 2012
- Protecting Children from Junk Food Advertising (Broadcasting and Telecommunications Amendment) Bill 2011
- Special Broadcasting Service Amendment (Natural Program Breaks and Disruptive Advertising) Bill 2012.
(Anne McEwen)
Chair
10 May 2012
Senator McEWEN: I move:
That the report be adopted.
Senator FIFIELD (Victoria—Manager of Opposition Business in the Senate) (11:53): I move:
That the following words be added to the end of the motion—
"and in respect of the Family Assistance and Other Legislation Amendment (Schoolkids Bonus Budget Measures) Bill 2012, the bill be referred immediately to the Economics Legislation Committee for inquiry and report by 19 June 2012."
The opposition are seeking to amend the motion moved for the adoption of the Selection of Bills Committee report, because we put forward the quite sensible proposition to the Selection of Bills Committee that this piece of legislation be referred to the Economics Committee for inquiry. We did that because this legislation has been rushed and the government has put in place a guillotine to deal with this legislation. The government seeks to deny this chamber its rights and prerogatives to properly examine this legislation. The government is doing this for a number of reasons, the first of which is that this legislation, if brought forward, if rushed through and if passed over the next few days, would enable the current government to manufacture a budget surplus. The government is attempting to re-badge
the education tax rebate as an education schoolkids bonus and to no longer require that receipts be provided to demonstrate that the funds were spent on education. The government needs to do this to bring forward expenditure from next financial year to this financial year, so that it has the capacity to manufacture a surplus. It is a phoney surplus, a bogus surplus, but it is the first reason the government is seeking to have this legislation passed with undue haste.

The other reason the government is seeking to have this legislation passed with such haste is to provide yet a further cover for the effects of the carbon tax. This is to be a sugar hit for households to help numb the pain of the carbon tax. If the government were being honest and upfront, it would change the title of this legislation to the carbon tax sugar hit bonus for households— at least we would have some truth in the title of the legislation.

The third reason the government has sought to rush this legislation and to deny the Senate Economics Committee the opportunity to examine it is that when Labor is presented with two competing priorities—one being political expediency and self-interest and the other being parliamentary scrutiny and accountability—the government will always defaults towards self-interest and partisan interest. That always wins out over the rights and responsibilities of this chamber to provide appropriate scrutiny.

We have three reasons why the government is seeking to do this: one, it wants to help manufacture a fraud of a surplus; two, it wants to provide a sugar hit for households to distract from and ameliorate the effects of the carbon tax; and three, the government yet again is seeking to deny this chamber the capacity to perform its functions properly and to provide appropriate scrutiny.

The opposition refuse to be complicit in helping the government achieve any of those three objectives. It is my prediction that there may be another party in this chamber who will join with the government to vote against the amendment I have moved. That causes me great distress, because the Greens used to be paragons of parliamentary virtue back in the early days of Senator Bob Brown. We had hoped for better things from Senator Milne but she, sadly, is continuing in the footsteps of Senator Brown. We fully expect the Greens will combine with the government to vote against this legislation. They should not, but if they do they should be ashamed.

Senator JACINTA COLLINS (Victoria—Manager of Government Business in the Senate and Parliamentary Secretary for School Education and Workplace Relations) (11:58): I do not intend to take much time on the motion to accept the Selection of Bills Committee report, but to indicate our opposition to this amendment, which would be of no surprise to Senator Fifield. The government believes, as we discussed yesterday, that the Family Assistance and Other Legislation Amendment (Schoolkids Bonus Budget Measure) Bill should be dealt with by the Senate today. The Senate in fact determined yesterday that is the view of the Senate. The opposition knows this. If the Senate needs to reaffirm its position to pass this bill today, for the sake of the opposition let the chamber do this as quickly as possible so that we can get on and deal with other business.

The PRESIDENT: The question is that the amendment moved by Senator Fifield be agreed to.

The Senate divided. [12:04]

(The President—Senator Hogg)

Ayes ....................... 29
Thursday, 10 May 2012  

SENATE 3095

Noes...............35  
Majority...............6

AYES

Abetz, E  
Birmingham, SJ  
Bushby, DC  
Colbeck, R  
Edwards, S  
Ferravanti-Wells, C  
Fisher, M  
Johnston, D  
Macdonald, ID  
McKenzie, B  
Parry, S  
Ronaldson, M  
Scullion, NG  
Smith, D  
Xenophon, N  

Bernardi, C  
Brandis, GH  
Cormann, M  
Fawcett, DJ  
Fifield, MP  
Heffernan, W  
Kroger, H (teller)  
Mason, B  
Nash, F  
Payne, MA  
Ryan, SM  
Sinodinos, A  
Williams, JR

NOES

Bilyk, CL  
Cameron, DN  
Collins, JMA  
Di Natale, R  
Faulkner, J  
Furner, ML  
Hanson-Young, SC  
Ludlam, S  
Lundy, KA  
Marshall, GM  
McLachlan, J  
Moore, CM  
Pratt, LC  
Sherry, NJ  
Singh, LM  
Sterle, G  
Waters, LJ  
Wright, PL

Brown, CL  
Carr, RJ  
Crossin, P  
Farrell, D  
Feeney, D  
Gallacher, AM  
Hogg, JJ  
Ludwig, JW  
Madigan, JJ  
McEwen, A (teller)  
Miine, C  
Polley, H  
Rhiannon, L  
Siewert, R  
Stephens, U  
Thistlethwaite, M  
Wong, P

PAIRS

Back, CJ  
Boswell, RLD  
Boyce, SK  
Eggleston, A  
Humphries, G  
Joyce, B  

Brown, RJ  
Evans, C  
Conroy, SM  
Urquhart, AE  
Carr, KJ  
Bishop, TM

Question negatived.  
Ordered that the report be adopted.

BUSINESS

Rearrangement

Senator JACINTA COLLINS  
(Victoria—Manager of Government Business in the Senate and Parliamentary Secretary for School Education and Workplace Relations) (12:07): I move:  
That the order of general business for consideration today be as follows:  
(a) general business notice of motion no. 762 standing in the name of Senator Fifield relating to the Australian economy; and  
(b) orders of the day relating to government documents.  
Question agreed to.

NOTICES

Postponement

The following items of business were postponed:  
General business notice of motion no. 754 standing in the name of Senator Bob Brown for today, proposing the introduction of the Koala Protection Bill 2012, postponed till 18 June 2012.

COMMITTEES

Legal and Constitutional Affairs References Committee

Reference

Senator HANSON-YOUNG (South Australia) (12:07): I move:  
That the following matters be referred to the Legal and Constitutional Affairs References Committee for inquiry and report by 28 June 2012:  
(a) whether any Indonesian minors are currently being held in Australian prisons, remand centres or detention centres where adults are also held, and the appropriateness of that detention;  
(b) what information the Australian authorities possessed or had knowledge of when it was determined that a suspect or convicted person was a minor;
whether there have been cases where information that a person is a minor was not put before the court;

(d) what checks and procedures exist to ensure that evidence given to an Australian authority or department about the age of a defendant/suspect is followed up appropriately;

(e) the relevant procedures across agencies relating to cases where there is a suggestion that a minor has been imprisoned in an adult facility; and

(f) options for reparation and repatriation for any minor who has been charged (contrary to current government policy) and convicted.

Question agreed to.

MOTIONS
Malaysia

Senator XENOPHON (South Australia) (12:09): I move:

That the Senate notes the interim report of the International Observer Group on elections in Malaysia, dated 29 April 2012.

Senator XENOPHON: by leave—I was a member of the delegation that visited Malaysia recently. It included representatives from the Republic of India, the Islamic Republic of Pakistan, the Federal Republic of Germany, the Republic of Indonesia and the Republic of the Philippines. I attended along with my colleague, Dr Clinton Fernandes from the University of New South Wales. As discussed with the whips, I table the Interim report—international fact-finding mission on elections in Malaysia.

Question agreed to.

Rajab, Mr Nabeel

Senator LUDLAM (Western Australia) (12:10): I move:

That the Senate—

(a) notes that:

(i) on 5 May 2012, the President of the Bahrain Center for Human Rights and the Director of the Gulf Center for Human Rights, Mr Nabeel Rajab, was arrested on arrival at Manama airport from Lebanon, and

(ii) Mr Rajab has been charged with 'cyber incitement' essentially for promoting the culture of human rights through the online media, especially Facebook and Twitter; and

(b) calls on the Australian government to send a strong message to the Kingdom of Bahrain to release Mr Rajab immediately and to respect the universal declaration on human rights.
(b) calls on the Government to make direct representations to Bahraini authorities for the immediate release of Mr Rajab and for democratic reforms in Bahrain.

Question agreed to.

**Live Animal Export (Slaughter) Prohibition Bill 2011 [No. 2]**

Senator SIEWERT (Western Australia—Australian Greens Whip) (12:11): I move:

That general business order of the day no. 55, relating to the Live Animal Export (Slaughter) Prohibition Bill 2011 [No. 2], be discharged from the Notice Paper.

Question agreed to.

**COMMITTEES**

**Cyber-Safety Committee**

**Meeting**

Senator McEWEN (South Australia—Government Whip in the Senate) (12:12): At the request of Senator Bilyk, I move:

That the Joint Select Committee on Cyber Safety be authorised to hold a public meeting during the sitting of the Senate on Wednesday, 20 June 2012, from 4.15 pm to 5.30 pm.

Question agreed to.

**Migration Committee**

**Meeting**

Senator McEWEN (South Australia—Government Whip in the Senate) (12:12): At the request of Senator Singh, I move:

That the Joint Standing Committee on Migration be authorised to hold a public meeting during the sitting of the Senate on Wednesday, 20 June 2012, from 10.30 am to 12.30 pm.

Question agreed to.

**Public Accounts and Audit Committee**

**Meeting**

Senator McEWEN (South Australia—Government Whip in the Senate) (12:12): At the request of Senator Thistlethwaite, I move:

That the Joint Committee of Public Accounts and Audit be authorised to hold private meetings otherwise than in accordance with standing order 33(1) during the sittings of the Senate, from 11 am to 11.30 am, as follows:

(a) on Wednesday, 20 June 2012; and
(b) on Wednesday, 27 June 2012.

Question agreed to.

**Meeting**

Senator McEWEN (South Australia—Government Whip in the Senate) (12:11): At the request of Senator Thistlethwaite, I move:

That the Joint Committee of Public Accounts and Audit be authorised to hold public meetings during the sittings of the Senate, as follows:

(a) on Wednesday, 20 June 2012, from 11.30 am to 1 pm; and
(b) on Wednesday, 27 June 2012, from 12.15 pm to 1 pm.

Question agreed to.

**Meeting**

Senator McEWEN (South Australia—Government Whip in the Senate) (12:11): At the request of Senator Thistlethwaite, I move:

That the Joint Committee of Public Accounts and Audit be authorised to meet during the sitting of the Senate on Wednesday, 27 June 2012, from 11.30 am to 12.15 pm, for a private briefing.

Question agreed to.

**Treaties Committee**

**Meeting**

Senator KROGER (Victoria—Chief Opposition Whip in the Senate) (12:12): At the request of Senator Birmingham, I move:

That the Joint Standing Committee on Treaties be authorised to hold a public meeting during the sitting of the Senate on Monday, 18 June 2012, from 10 am to 12.30 pm.

Question agreed to.
MOTIONS

Domestic Violence

Senator RHIANNON (New South Wales) (12:13): I move:
That the Senate—
(a) notes that:
(i) 25 November 2011 commemorates the United Nations' International Day for the Elimination of Violence Against Women – White Ribbon Day,
(ii) domestic violence occurs in every geographic area and in all socio-economic and cultural groups in Australia, in particular in regional and rural Australia and Indigenous communities,
(iii) the prevention and elimination of domestic violence is a goal of the Australian Government, and yet the Government has failed to fund the continuation of the pilot Bsafe program, which successfully operated in regional Victoria from 2007 to 2010, providing personal safety alarms to women and children at risk of domestic violence to prevent further violence and enable them to remain in their own homes and communities,
(iv) the cessation of the pilot Bsafe program, which was funded through a 3 year $340 000 federal grant that ended in December 2010, caused distress to the women and children and their families and friends who had come to rely on it,
(v) there is an extraordinary level of support for the Bsafe program from the beneficiaries, community workers, police, women's groups and the broader community across the country,
(vi) the Bsafe program won the national Australian Crime and Violence Prevention Award in 2010,
(vii) the Bsafe program was extremely cost effective, costing approximately $1 000 for the two safety alarms, and provided enormous benefits in reducing the risk and breaking the cycle of domestic violence, giving assurance to vulnerable women and children and allowing them to return to participating fully in society, as detailed in the Bsafe program evaluation report,
(viii) in Victoria the community sector is ready and eager to expand this potentially life-saving resource to women across the state, and
(ix) one woman who was a recipient of a Bsafe alarm asked 'How much does my life cost';
and
(b) calls on the Government to:
(i) urgently fund the continuation of the successful pilot Bsafe program in regional Victoria to allow women and children continued access to the service, and
(ii) fund the extension of the Bsafe program to other regions in Victoria and into other states.

Question agreed to.

Midwifery Practices and Medicare

Senator DI NATALE (Victoria) (12:13): I seek leave to amend general business notice of motion No. 743 standing in my name and in the name of Senator Rhiannon. I also indicate that I will be adding the name of Senator Pratt to the motion.

Leave granted.

Senator DI NATALE: I move the motion as amended:
That the Senate—
(a) notes that:
(i) on 1 November 2010, $120.5 million was made available to improve choice and access to maternity services and for eligible midwives to work in private practice in Australia,
(ii) to provide greater access to maternity care provided by midwives, Medicare Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS) benefits were made available for services provided by eligible midwives, and
(iii) eligible privately practicing midwives are not currently able to work to their full scope of practice and claim MBS and PBS because access and admitting rights to public hospitals have not been established by state and territory governments; and
(b) calls on the Minister for Health and Ageing to work with the Council of Australian Governments and Australian health ministers to:

(i) urge state and territory action on access and admitting rights to public hospitals for eligible privately practicing midwives,

(ii) investigate any further support necessary for privately practicing midwives to transition into private practice, to work to their full scope of practice and access MBS and PBS benefits, and

(iii) consult with stakeholders.

Question agreed to.

Murray-Darling River System

Senator XENOPHON (South Australia) (12:14): I, and also on behalf of Senator Hanson-Young, move:

That the Senate notes that South Australia has substantially adhered to River Murray extraction caps since 1968, whereas other states in the Murray Darling Basin have increased extractions by at least 3,000 gigalitres.

The Senate divided. [12:19]

(The President—Senator Hogg)

Ayes.......................9
Noes.......................40
Majority...............31

AYES

Di Natale, R
Ludlam, S
Rhiannon, L
Waters, LJ
Xenophon, N

Hanson-Young, SC
Milne, C
Siewert, R (teller)
Wright, PL

NOES

Back, CJ
Bilyk, CL
Brown, CL
Cameron, DN
Colbeck, R
Cormann, M
Edwards, S
Feeney, D
Fisher, M
Gallacher, AM
Johnston, D

Bernardi, C
Birmingham, SJ
Bushby, DC
Cash, MC
Collins, JMA
Crossin, P
Farrell, D
Fifield, MP
Furner, ML
Hogg, JJ
Kroger, H (teller)

Lundy, KA
Macdonald, ID
Marshall, GM
McKenzie, B
Moore, CM
Parry, S
Ryan, SM
Smith, D
Thistlethwaite, M

Madigan, JJ
McEwen, A
McLucas, J
Nash, F
Payne, MA
Singh, LM
Sterle, G
Williams, JR

Question negatived.

Stromatolites in Western Australia

Senator SIEWERT (Western Australia—Australian Greens Whip) (12:22): I seek leave to amend general business notice of motion No. 760 standing in my name relating to stromatolites in Western Australia, in the terms circulated in the chamber.

Leave granted.

Senator SIEWERT: I move the motion as amended:

That the Senate—

(a) notes that:

(i) stromatolites are the oldest living organisms in the world,

(ii) Western Australia's Hamelin Pool contains the most diverse range of stromatolites in the world, is one of only three places on Earth where you can see living marine stromatolites, and these stromatolites are one of the major reasons for Shark Bay's World Heritage Listing, and

(iii) the recent decision by the Department of Sustainability, Environment, Water, Population and Communities to allow American researchers to cut down and remove 45 stromatolites from Hamelin Pool, would have a significant impact on the heritage values of the area if carried out; and

(b) calls on the Government to reassess this decision as a matter of urgency and prevent this or any other removal of stromatolites from going ahead unless and until there is greater transparency and justification for both the
purpose of the research and the need for such a large quantity of samples.

Question agreed to.

Schizophrenia Awareness Week

Senator WRIGHT (South Australia) (12:23): I seek leave to amend general business notice of motion No. 757 standing in my name and the name of Senator Di Natale relating to Schizophrenia Awareness Week, in the terms circulated in the chamber.

Leave granted.

Senator WRIGHT: I move the motion as amended:

That the Senate—

(a) notes that:

(i) 14 May to 20 May 2012 is Schizophrenia Awareness Week, and

(ii) people with severe mental illness can, on average, die up to 25 years earlier than the rest of the community and are at a higher risk of experiencing physical illness;

(b) recognises that:

(i) diabetes occurs in approximately 15 per cent of people with schizophrenia, a rate three times higher than in the general population, and

(ii) after 5 years, 28 per cent of people with respiratory disease or chronic obstructive pulmonary disorder who also have schizophrenia have died, compared with 15 per cent of people with no serious mental health problems; and

(c) calls on the Government to show leadership in making the physical health issues of people with mental illness a priority across the national health system.

Question agreed to.

Tasmanian Forest Industry

Senator COLBECK (Tasmania) (12:23): I move:

That the Senate—

(a) recognises:

(i) that areas of Tasmanian forest that have been logged have the potential to recover quickly; and

(ii) the rich biodiversity that can exist in areas of Tasmanian forest that have been logged, including waratahs, massive flowering displays, masses of birdlife, devils, quolls and wombats; and

(b) acknowledges that native forest industry based activities and vibrant, biodiverse forests are not mutually exclusive.

Question agreed to.

Senator MILNE (Tasmania—Leader of the Australian Greens) (12:24): We will not divide, but I would like to have the opposition of the Greens to this motion recorded please.

The PRESIDENT: That will be noted.

Senator COLBECK (Tasmania) (12:24): I seek leave to make a short statement.

Leave granted for one minute.

Senator COLBECK: I would just like to make the point that the motion we have just voted on is based upon Senator Bob Brown's own words in the media in Tasmania recently. The Greens have just voted against that motion, which is based on the words of Senator Brown.

Building and Construction Sector

Senator RYAN (Victoria) (12:25): I move:

That the Senate—

(a) commends:

(i) the Victorian Government on establishing a Code of Practice for the building and construction sector, and

(ii) the Council of Australian Governments for agreeing that the heads of Treasuries conduct a review into the costs associated with construction projects; and

(b) calls on the Federal Government to commit to taking the findings of any such report seriously.

The PRESIDENT: The question is that the motion moved by Senator Ryan be agreed to.
Thursday, 10 May 2012  

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Debate interrupted.

**BILLS**

**Family Assistance and Other Legislation Amendment (Schoolkids Bonus Budget Measures) Bill 2012**

First Reading

Bill received from the House of Representatives.

**Senator JACINTA COLLINS** (Victoria—Manager of Government Business in the Senate and Parliamentary Secretary for School Education and Workplace Relations) (12:32): I move:

That this bill may proceed without formalities and be now read a first time.

Question agreed to.

Bill read a first time.

Second Reading

**Senator JACINTA COLLINS** (Victoria—Manager of Government Business in the Senate and Parliamentary Secretary for School Education and Workplace Relations) (12:33): I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

*The speech read as follows—*

This bill delivers on the Government's Budget announcement of a new payment for families to help with the costs of children in school.

It is part of this Labor Government's commitment to helping Australian families make ends meet.

And it shows our determination to continue supporting low and middle-income families as we return the Budget to surplus.

Our economic fundamentals are strong, unemployment is low and we are in the middle of a mining boom, but we recognise that it's not everybody's boom.
We understand that many working Australians are struggling to balance the family budget. For many families, the extra costs of sending children to school, and giving them a great education, can add to this pressure.

That's why, from 1 January next year, the Government will deliver a new payment to about 1.3 million Australian families with kids in school.

This payment – the Schoolkids Bonus – will be paid to the families of about 2.2 million children in primary and secondary schools across the country.

The Schoolkids Bonus will be delivered as an upfront payment to families in two instalments each year – before Term 1 and Term 3 – to help them cover the costs of their child's education.

Expenses like school uniforms and school shoes, text books, camps and excursions, as well as extracurricular activities such as music lessons.

Eligible families will receive a total of $410 a year for each child in primary school, and $820 a year for each child in secondary school.

The Schoolkids Bonus will replace the Education Tax Refund in 2013, and this bill also removes the Education Tax Refund for 2011-12 from taxation legislation.

For many families with children in school, the Education Tax Refund has made a big difference. However, we know that many families are not experiencing its full benefits.

This is especially the case for working families on low incomes – it's simply too tough to pay the school expenses first and then wait months, or even a year, to get 50 per cent back.

For busy families, it can also be hard keeping track of receipts, and then filling out all the paperwork at tax time.

Last year, more than 80 per cent of families did not claim the full amount they are entitled to. About 20 per cent did not claim a refund at all.

In total, about one million Australian families are missing out on the full benefit of the Education Tax Refund.

This Labor Government wants that to change.

And this is the right time to turn this assistance into an upfront payment, with the 1 July 2012 increase to the tax-free threshold meaning that more than a million people will no longer need to do a tax return.

The new Schoolkids Bonus will make sure that all eligible families get their full entitlement – not just those who can afford to spend the money upfront and claim later.

The Schoolkids Bonus means more support for families with kids in school.

It means not having to wait months to get something back.

It means not having to collect a pile of receipts, or fill out that extra paperwork at tax time.

Paid in full and upfront, the Schoolkids Bonus means working families getting the support they need, when they need it.

It's money in your pocket – and new support from the Gillard Government.

It's support that's there before the costs start rolling in.

It's extra support for more than one million Australian families – who have missed out in the past – and can now get every cent they deserve.

The Schoolkids Bonus will be available from 2013 to families receiving Family Tax Benefit Part A, plus young people in school receiving income support payments such as youth allowance, ABSTUDY, disability support pension and veterans' educational allowances, on the eligibility test date.

Families will only need to notify Centrelink when their child first starts school so that the payments can begin.

After that, the bonus is automatically paid in January and July every year if they remain on the relevant linked payment, such as Family Tax Benefit Part A.

Parents will also need to let Centrelink know when their kids go to high school so they can move onto the higher payment.

The Government is delivering this new support because we know it can be tough to make ends
meet, particularly when you're trying to get your kids through school.

Uniforms, school shoes, text books and excursions aren't cheap, and the costs can quickly add up. When the Schoolkids Bonus begins in January next year, it will help families relieve some of the pressure on the household budget.

But we also know that many families are feeling the pinch right now – and need a bit of extra support right now.

So as we transition to the Schoolkids Bonus, we want to do what we can right now to make sure we are looking out for low and middle-income families who are finding it tough to keep up.

This bill creates a one-off transitional payment – called the ETR Payment – which will pay out, in full, the Education Tax Refund to all eligible families for 2011-12.

This means families will receive their full Education Tax Refund entitlement for the 2011-12 tax year ahead of tax time – so parents won't have to worry about keeping receipts or making claims when they do their tax this year.

The one-off ETR payment will be $409 for a child in primary school and $818 for a secondary school child – the same maximum amounts that would have been available for the 2011-12 tax year. A family with one primary student and one secondary student will get more than $700 extra on average this year.

All 1.3 million families will get the maximum amount they are entitled to for the first time – and all will get their payments earlier.

They won't have to collect their receipts, and they won't have to fill out that extra paperwork at tax time.

This lump-sum payment will be paid to all families entitled to Family Tax Benefit Part A on May 8th this year for a school aged child, as well as to young people in secondary education who are receiving certain student income support payments on May 8th.

A similar ETR payment will be provided through amendments to Veterans' Affairs legislation for recipients on May 8th of payments under the Veterans' Children Education Scheme or the Military Rehabilitation and Compensation Act Education and Training Scheme.

The bill will also create an administrative scheme for the ETR payment, which will assist people who may not be able to access an appropriate ETR payment under the family assistance law or veterans' legislation – for example, a parent who was automatically paid the primary school rate for a child who is actually in secondary school.

In a tough Budget environment, this Government is making the hard decisions as we return to surplus.

But we are a Labor Government, driven by Labor values.

Labor will always stand up for Australia's low and middle-income families.

Families who do their very best with what they've got.

Who don't ask for much and who deserve a bit of extra support.

It's our job to make sure that those families who need a bit of extra help are getting it – and that's what the Gillard Government's Schoolkids Bonus will do.

Labor will always work to ensure that Australian families, particularly those putting their kids through school, have the support they need to make ends meet.

Senator Ian Macdonald: The title should have been 'One big bribe'.

Senator JACINTA COLLINS: You will get over it, Senator.

The ACTING DEPUTY PRESIDENT (Senator Furner): Order! I call Senator Cash.

Senator CASH (Western Australia) (12:33): I rise to contribute to this debate, albeit, as we have heard, a very, very short debate because, in true Labor government style, condoned by the government's alliance partner the Greens, the Senate has to consider this important budget bill by 1.50 pm today, the Family Assistance and Other Legislation Amendment (Schoolkids Bonus
Budget Measures) Bill 2012—or, as my good friend Senator Macdonald just said, 'Why don't they call it what it is: a bill that is going to be bribing Australian parents?'

The Australian people are not fools. Whilst those on the other side may treat them as though they are mugs and cannot see exactly what this bill is designed to do, Australians know that this bill is nothing more and nothing less than something that you would expect from a desperate government—

**Senator Sterle:** Would you same the same if you had kids at school?

**Senator CASH:** a government that in Western Australia is so on the nose that they are likely to have no seats after the next election. The Australian people know that the only reason we are debating this bill today is that on 1 July the greatest political lie ever to be perpetrated on the Australian people is going to commence. And that is the lie that commenced with this, the day before the 2010 election: 'There will be no carbon tax under a government I lead,' the greatest political lie ever to be perpetrated on the Australian people. This bill confirms what the Australian people know.

**Senator Sterle interjecting—**
**Senator Nash interjecting—**

**Senator CASH:** We are debating this bill today for one reason and one reason only. Because of Labor's toxic carbon tax, the costs of living that have already risen time and time again under the last four years of this Labor government are going to continue to rise—

**The ACTING DEPUTY PRESIDENT (Senator Furner):** Order! I ask those senators in the chamber who are not involved in this debate to leave now. Senator Cash has the call.

**Senator CASH:** The costs of living that are already on the rise and have continued to rise under this Labor government, because of the carbon tax, are going to continue to rise.

**Senator Sterle:** Will you say the same in Brand? I will be very interested, Michaelia.

**Senator CASH:** What is worse for the Australian people is this: this policy is just another policy in a long line of Labor failures, which in reality the Australian public are paying for.

**Senator Kroger:** Mr Acting Deputy President, I rise on a point of order. I would like to draw your attention to the behaviour of senators on the other side of the chamber who have continued to interject and now have, disgracefully, walked out of the chamber in shame when someone gets up to note their behaviour. It would be appreciated if you could draw their attention to the decorum of this place.

**The ACTING DEPUTY PRESIDENT (Senator Furner):** Order! Senator Kroger, there have been interjections from both sides of the chamber and, as we know, interjections are disorderly. Senator Cash has the call.

**Senator CASH:** Labor has learnt nothing from the last four years of continual Labor government failures. Who can forget the $900 cash splash which, in many instances, was proven to be poured straight down the slot of a pokie machine? Who can remember the spectacular failure of the pink batts scheme? Who can remember the spectacular failure of the cash for clunkers scheme? The set-top boxes scheme? The list of Labor failures goes on and on and on. And what do we now have? Another cheap political trick by the Labor Party masquerading as the so-called schoolkids bonus.

The Labor Party have clearly underestimated the capacity of the Australian people to see right through their policy
The Australian people know that, despite the Australian Labor Party treating them as if they have no capacity to see through Labor's rhetoric, the bill we are debating today has nothing to do with education. It has nothing to do with the future generation of Australians and their educational needs and everything to do with those on the other side throwing as fast as they can—in fact, by 1.50 pm today—a wad of cash at the mums and dads of Australia who may qualify for this bonus. Labor know that the countdown is on and in but a few weeks those mums and dads are going to be hit with the greatest political lie of all time—the carbon tax.

It is incredible that, after four years of being in government, the Labor Party continues to believe that you can address the rising cost of living simply by giving the Australian people a cash handout. Anybody who has studied basic economics 101 will know that cost-of-living pressures only ever go down when costs of government go down. Based on Labor's record in that regard, it is going to be a very long time before we see the cost of the current government go down.

When considering the bill today we need to put it into context. Why has the government had to rush this particular budget measure through the other place and rush through the Senate in under two hours? Labor can rewrite history but it cannot rewrite the facts. The facts for the Australian people are this: the Gillard-Rudd-Swan Labor governments have delivered the four biggest deficits on record. That is right—the four biggest deficits in Australia's history. Contrast that with the former Howard government. In its last four budgets it delivered the four largest surpluses the Australian people had ever seen, including in its final year a record surplus of $19.7 billion. That was a surplus that was actually delivered, unlike those on the other side who currently claim to have delivered a surplus. They know full well that merely by saying on budget night that you anticipate a certain thing will happen does not mean that over the ensuing financial year it actually will.

The cold hard reality for the mums and dads of Australia is that the Labor Party continues to borrow an extra $100 million each and every day. The cold hard reality for the mums and dads of Australia is that the average Commonwealth budget balance was an $8.1 billion surplus over the Howard government years and under Labor it has managed a record average of a $41.7 billion deficit. The contrast could not be any clearer.

When it comes to budget deficits, this is a government that knows absolutely no bounds. Just look at what they told the Australian people in the lead-up to budget night. The budget deficit for 2011-12 was constantly revised upwards. The government told the people of Australia around 12 months ago that they were heading for a $12 billion deficit. They then realised that with their excessive spending they would need to revise that figure up, and revise it up they did. They revised it up to $23 billion. Again, it still was not enough. With their excessive spending, they had to re-revise the budget deficit up to $37 billion. Was that revision big enough to compensate for their waste and mismanagement? The answer is no.

We know the answer is no because on budget night just passed, the Treasurer, Mr Swan, advised the Australian people that the budget deficit had now exceeded $44 billion. As if that was not bad enough, the Australian people should be extremely alarmed that hidden in these budget bills was the government's announcement that it would seek to increase Australia's debt ceiling to a record $300 billion. Three hundred billion dollars is four times what the ceiling was in
2008. What does that mean? It means the Labor Party yet again is saying to the people of Australia, 'We have abused taxpayers' funds. We are well and truly over the limit on our credit card and yet again we have to sneak into the parliament—not make an announcement to the Australian people—an increase in the debt ceiling of Australia.' Does this government care? Of course it does not. That is why we are debating the bill that we have before us at the moment. What does it do? The government announces a quick political fix and it announces yet another cash splash. This policy measure is, without a doubt, one of the most blatant attempts by a fiscally incompetent government to cook this year's budget books in order to allow Labor to protect their artificial surplus for the next financial year. And why do we say that? Because the refund is going to be paid out before the end of this financial year, which is the sole reason that we commenced the debate at 12.30 today and we are being guillotined at 1.50 today, because Labor have manipulated the books to such an extent that they need to push a whole lot of cash through today to ensure that it is not reflected in next year's figures, to maintain their artificial surplus.

Labor's announcement that they are dumping the education tax rebate to instead give out handfuls of taxpayers' money is a desperate bid to improve their dying electoral chances. Like so many Australians, the coalition does not, and will not, support this improperly named 'schoolkids bonus' for very good reasons. The first is this: the money that is being handed over, that is being thrown at Australians, has absolutely nothing to do with education. Despite the Labor Party's denials of this—and deny it they have—we know this is true because, in the legislation we are currently debating, there is absolutely no requirement at all for the rebadged education tax rebate to actually be spent on a child's education. Under the education tax rebate, you had a rebate which had to be spent—you had to prove you spent the money on a child's education—and what do the Labor Party do? They abolish that and they say, 'If we call it a 'schoolkids bonus', hopefully the Australian public are silly enough to actually believe that in some way it relates to the schoolkids' education. Well, I have news for those on the other side: the Australian people are not mugs and they are not fooled by your rhetoric.

Instead of having a targeted payment, whereby all that parents needed to do was submit receipts that showed that they had expended funds on their children's education, and they would then get that money back, what we have is the Labor Party saying, 'We'll just give you the money; seriously, just take the money'—

Senator Nash: Take the money and run!

Senator CASH: Take the money and run, Senator Nash; that is exactly right. 'And we will have no conditions whatsoever, because we do not believe in making people accountable'—let alone themselves—for what the money is actually spent on.' So parents can spend the money on whatever they like.

I spoke with a young mother yesterday. She was a single mother and, like so many Australians, she is under a lot of pressure and is battling with the rising cost of living. She will qualify for this cash-splash payment. She said to me, 'Do you know what I'm going to do with it, Michaelia? It may well pay my next grocery bill, or maybe I will put it towards my electricity bill—because that keeps rising.' But she admitted she would not be using the money for her child's education. Whilst many parents will do the right thing and will put it towards their child's education, there are so many—like the mother I spoke to yesterday—who
are drowning under the rising cost-of-living pressure who will have no real choice but, when given some money by the Labor Party, spend it on something else—and who can actually blame them? You cannot blame them, when they look you in the face and are honest enough with you to say, 'I won't spend it on education, because I'm about to have my electricity turned off because I can't pay my electricity bill.'

On that point, we have learnt today that, in my home state of Western Australia, electricity prices are likely to rise by almost 15 per cent, solely as a result of the federal Labor government's carbon tax and the fact that it is going to have a bigger impact and a bigger effect on bills than was initially expected. It has been confirmed by the WA Treasurer that power prices in WA will need to increase by 9.5 per cent to cover the added cost of producing electricity, solely because of the federal government's carbon tax. If Labor were truly serious about reducing the burdens facing Australian families, the best thing they could do is what the former Premier of New South Wales has told them they should do—that is, former Labor Premier Kristina Keneally. She has at least been honest enough to say, 'I supported the carbon tax because I needed to try and win an election. I now realise that that was wrong,' and she is on the record as saying, 'The smartest thing that the current Prime Minister could do is to scrap the carbon tax.'

This new policy that they are introducing today, and the one that we are debating—we have one hour left now; one hour to debate a budget measure—has abandoned any pretence of being about offsetting education costs. It is nothing more and nothing less than a sugar hit for families to create a diversion from increased bills and costs that will happen just because a family goes about undertaking the day-to-day activities that they would normally undertake. Because of those on the other side, this is now going to be a far more expensive exercise.

The coalition understands, without a doubt, that parents in Australia need help with their education costs. We are upfront about that. In fact, we are so upfront about that the policy we took to the last election was to increase the education tax rebate. Our plan was to increase it so that families would receive $1,000 for each secondary school aged child and $500 for each primary school aged child. Let's contrast that with the cash splash that the Labor government are giving out. One thousand dollars and $500 is what they would have got under the coalition; what are they getting under Labor? Under Labor they will only get $820 for secondary school aged children and $410 for primary school aged children. The Australian public are actually going to be $270 worse off per year under the Labor government. The coalition's policy was more money, it was appropriately targeted and it was directed straight at those families that most needed the financial assistance. But, as Graham Richardson has said time and time again: 'Whatever it takes.' The Labor Party will do whatever it takes to remain on that side of the chamber. The SchoolKids Bonus is the perfect example of Graham Richardson's statement in action. The legislation we are currently debating is about nothing more and nothing less than throwing money at people to compensate for the fact that they are about to be hit by the world's biggest carbon tax. This is about nothing more and nothing less than compensating the Australian people for the fact that over the last four years, under successive Labor governments, the cost of living has risen and risen, and the Australian people know that under Labor there is only one way that the cost of living goes, and that is up.
The coalition will oppose this bad policy. It is bad policy because it is not making a targeted payment. It makes a general cash handout that can be used in any way totally unrelated to education expenses. It is bad policy because it is bringing forward expenditure from next year's financial accounts into this year's in order to give the Treasurer and Labor a so-called surplus. Australia under Labor is now a nation that is saddled with increasing debt. That is Labor Party's great record: a nation that is saddled with increasing debt.

Bills like the one we are hurriedly debating today prove that Labor's budget is not a nation building budget. It is not a budget to be proud of. It is a nation wrecking budget, a horror budget, and they should at least be up-front with the Australian people about what this cash splash actually is.

Senator STERLE (Western Australia) (12:54): by leave—During the debate with Senator Cash I chose some words that probably were not appropriate. I would like to withdraw them and I apologise to Senator Cash.

Senator MILNE (Tasmania—Leader of the Australian Greens) (12:54): I rise to speak on the Family Assistance and Other Legislation Amendment (Schoolkids Bonus Budget Measures) Bill 2012. The issue here for the Greens is that we put very strongly to the government that we not proceed with the tax cut for big business in Australia because we are a very wealthy country, but we are also an unequal country, and it was time that we started to look at ways in which we could reduce the gap between the rich and the poor in Australia, which is widening. I am very pleased that the government did not proceed with the tax cut for big business. That essentially created the space in this year's budget to provide some, if you like, wealth redistribution.

The Australian Greens' perspective is that we would have preferred to have seen money made available for permanent system-wide improvements. When I say that, I, and the Greens, would have preferred to have seen $5 billion allocated to the implementation of the Gonski review into education. Of that, $3 billion would have gone into public education and we would have seen a huge investment across the country that would have complemented the previous investment in education from Building the Education Revolution funding. I am very aware that that funding led to badly needed new facilities across the country. I have visited many of those in my own state of Tasmania and I have to say that in the case of Tasmania, which is the place I am most familiar with in this regard, the money has been spent in a way that has made dramatic improvements in the amenity of school life for students across the state. That was an infrastructure cost, an improvement in facilities.

If we now implemented a real cash injection into education delivery in Australia we would have the long-term directional reform we need. However, the government has chosen not to do that. Instead it has looked at this particular bonus, which was already there in the budget as a tax rebate to provide support to families for the cost of educating their children. The problem with an income tax rebate is that people who are already on income support are not lodging tax returns and so do not benefit from this available support. When I sought some more information on this it became quite clear that, of the 1.3 million families across Australia who were entitled to access this, one million had either not accessed it or not accessed it in full. Those who had accessed it, a small number in relative terms, tended to be at the top end of the eligible income range, because they are the ones who are
more likely to have tax accountants and are more likely to have a better organised way of managing their tax business and their tax receipts. So they are the ones who are able to benefit most from this, when in reality the people who need it most are at the bottom end of the taxable income scale or, indeed, the level of income support—or part-time and so on—they are working on.

I certainly support the view that if we are going to make a payment such as this it be targeted in a way that helps the people who need it most. I am satisfied that the previous way this was being offered, through the tax refund, was a failed policy for the reason I have just mentioned, namely, the people who need it most were the people who were not accessing it, for various reasons.

Another reason people did not access it is that, for many people, buying a new school uniform is not something they would necessarily do. Often they would buy school uniforms from other people, with the result being that they may not get a receipt. Equally, I am aware that the same thing happens, to a degree, with schoolbooks. I am also aware that children of low-income earners and people on income support have not been accessing school trips and school excursions. Unfortunately they require a copayment from the parents and often they cannot afford that.

If the principle that we are coming from as a parliament, and I hope it is the principle we are coming from, is equitable access to quality education, then equitable access has to be enabled. As I indicated before, the Greens believe the $5 billion would have been better directed to the implementation of the Gonski review to complement the Building the Education Revolution investment in infrastructure. The government has chosen not to do that. But this measure does enable a shift in focus, and I am confident that this money now going into the pockets of eligible Australian families will go to supporting their children in school.

Everyone in this parliament remembers the Howard government years, and everybody remembers the introduction of the baby bonus. I just heard Senator Cash speaking at length on how terrible it is that this money is not targeted. The baby bonus was also just a cash payment, and it is well-known across Australia that it became nicknamed the plasma bonus, because in many cases people spent the money upfront on some piece of capital equipment that they chose to purchase at that time. That is why there have been significant changes in the way that benefit has been paid over the years. It is gross hypocrisy for the opposition to argue about this, because if two people ever characterised the notion of buying votes with cash splashes it was the former Treasurer, Peter Costello, and the former Prime Minister, John Howard. They made an art form of it. They bought election after election with cash splashes, so let us not hear any more hypocrisy from the coalition on this. As the Prime Minister said in the House yesterday, a person gets a baby bonus for a baby and then the baby grows up and goes to school and they require money to enable equitable access to education. The leader of the coalition says, when asked why the baby bonus is different from the education bonus, ‘It just is’. There is no principle and no policy difference, and it is ridiculous for the coalition to try to maintain the position it is currently taking.

In the midst of the mining boom we can afford to prioritise education for our children. Public funding of schools as a percentage of GDP shows that Australia is lagging the OECD average of 3.5 per cent, sitting at three per cent, while the best funded nations include Norway with 5 per cent, Iceland with 4.9 per cent and Denmark
with 4.2 per cent—which is another reason why the Greens would have preferred this money to go towards a major injection into the Australian education system. The Greens will continue to advocate for an immediate investment in our public education sector.

We also want to talk about this benefit in the broader context of wealth redistribution in Australia and reducing the gap between the rich and the poor. We are concerned that the government has gone ahead with this schoolkids bonus bill. There is the added benefit through family tax benefit A, but, unfortunately, there is nothing that is in any way equivalent for people on Newstart. We know that the most vulnerable people in Australia right now are those who are looking for work and are on income support. Frankly, I have to say the most vulnerable Australians getting Newstart needed another $50 a week at least. We are asking people to live on $244 a week. My colleague Senator Siewert did that for a week and, in some very passionate and excellent speeches, has said she does not know how people do it, given the cost of accommodation particularly as well as food and transport. I think $210 a year, which is what the government has made available—it will be indexed—is an insult to people who are struggling to survive. A 50c increase per day is not enough—it is barely enough for one cup of coffee a week. When we look at the most vulnerable and we add onto them the 100,000 single mums who are also going to have part of their benefit taken away in this budget, I would like to have seen an overall assessment of all of these different payments, working out how with the quantum of money across the levels of support we could have better supported those at the bottom end. As for the single mums, I make this point very strongly: if you are saying that you take the benefit away because you want people to seek work, the issue for me in rural and regional Australia—and every senator who is familiar with rural and regional Australia will know this—is that first of all you cannot assume that the jobs are out there in the first place; second, you cannot assume that there is any public transport or capacity to access transport to get to the jobs even if they do exist; and, thirdly, you cannot assume that there is going to be access to quality childcare. So you are penalising people who do not have alternatives, who do not even have the ability to go and get a job, let alone get to that job—and, even if they could get to it, they do not have access to quality childcare.

The Treasurer made a point of saying that this was a budget of the fair go, that this was a budget which was attempting to redistribute wealth in order to benefit the most vulnerable people in our society. Yet the most vulnerable in Australia, single mothers on Newstart in this case, have not been supported in an appropriate way. Cutting back on foreign aid also says that you are building a surplus on the back of the poorest people in the world. So we are building a surplus on the back of the poorest in the world and we are not distributing fairly—we are not distributing to the most vulnerable and the most needy in the Australian context.

The Greens are supporting the schoolkids bonus because it is a way of making sure that payments are better targeted, going to those at the lower end of the income scale and to income support recipients—giving them support in educating their children. But we would have preferred a systemic change, with investment in the implementation of the Gonski review—$3 billion into public education across the country—and income support increased for the most vulnerable. That is how we would have dealt with this issue.
On the issue of Newstart, my colleague Senator Siewert told the Senate yesterday that she has met single mothers and older workers who have been retrenched, young men and women, people living with a partial disability or with mental illness, and migrants struggling with language issues. All of these people come into the category of most vulnerable and have some of the greatest barriers to overcome to get into the workforce. But not one of them said to her that Newstart is what they want for their lives or their family. What they want is to be able to improve their own lives and those of their families and communities by participating in the workforce to a greater extent.

The Greens are supporting the schoolkids bonus. We do think it is better than a tax rebate, but in the broader context we would have liked to have seen system-wide and permanent change to the funding of public education. If you had that, a lot of the charges that schools are increasingly having to impose on parents could actually be covered out of the schools' own funding. It has been quite a while since I was teaching, but I have many friends who are still in the teaching service and they all say that, over the years, there has been a massive cost shift to parents because the public education system simply cannot offer the same level of opportunity it used to—the public schools just do not have the money to do it.

Fundamental system-wide change is what is required to achieve permanent improvement in the public education system—whereas the schoolkids bonus, in my view, is a stopgap measure. I recognise that it is ongoing and I recognise that it will be helpful in some cases, but I do not think that it is the kind of move which will inspire the nation to think that there has been a genuine investment in better educational opportunity and in universal access to high-quality education. That could have occurred if the quantum the Greens saved the government could have been looked at differently—to make sure it was even better targeted to support the most vulnerable.

Senator BILYK (Tasmania) (13:11): I rise today to speak in support of the Family Assistance and Other Legislation Amendment (Schoolkids Bonus Budget Measures) Bill 2012. Parents of Australian children, like parents everywhere, want nothing more than to give their children the best start in life they can. They understand that for a child's potential to be realised, both for the benefit of the child and for the benefit of our nation, this potential must be nurtured. Access to a good education is a right that all Australian children deserve and provision of a good education is the best way to help them realise that potential.

The government understands that educating children can be expensive. The cost of uniforms, computers, stationery, music lessons, sporting uniforms, art supplies, software and numerous other items adds up to a significant portion of a family's budget. The Gillard Labor government understands this. We understand that at times parents must make difficult decisions to ensure their children's educational needs are met. The Gillard Labor Government's new schoolkids bonus is a recognition that educating our children is expensive. The new schoolkids bonus is a way that the Labor government can support parents in their most important task: building a better future for our children.

The schoolkids bonus is replacing the education tax refund from 1 January 2013. Under the education tax refund, parents were entitled to claim a refund by submitting education receipts. Unfortunately, many parents were not claiming either part or all of the refund they were entitled to. Parents now
will not have to pay out of their own pocket and then wait months to get the money back. The Labor government has made this an upfront cash payment because we realise that parents are busy and that collecting receipts and tucking them away in envelopes until the end of the financial year is not at the forefront of their mind when they are busy buying new school uniforms, new stationery or new sports uniforms.

The new schoolkids bonus makes it easier for the parents of 1.3 million families across the nation to get the support they deserve from the government. In Tasmania, my home state, 34,800 families are expected to receive $410 for each child in primary school and $820 a year for each child in high school. Payments will be made for a total of 61,150 children just in Tasmania. In Franklin, the federal electorate where my electorate office is located, a total of 6,850 families with 12,050 children will receive funding totalling over $7 million. The schoolkids bonus will be available to families receiving family tax benefit part A, plus young people in school receiving youth allowance and recipients of some other income support and veterans payments. The eligibility requirements are the same as those for the education tax refund. As a transition to the schoolkids bonus, this bill creates a new payment called the ETR payment to replace the education tax refund that would otherwise have been available to eligible families for 2011-12.

The ETR payment will be paid to all families entitled to family tax benefit part A on 8 May 2012 for a school-aged child, and to young people in secondary education who are receiving certain student income support payments on 8 May 2012. The ETR payment will pay out the full amount of what would have been available through the taxation system for 2011-12—that is, $409 for each child in primary school and $818 for each child in secondary school. The ETR payment will be paid earlier than otherwise would have been the case under the education tax refund, and without the need to lodge receipts for a tax return. A mirror ETR payment will be provided through amendments to veterans affairs legislation for recipients on 8 May 2012 of payments under the Veterans’ Children Education Scheme or the Military Rehabilitation and Compensation Act Education and Training Scheme. The bill will also create an administrative scheme for an ETR payment which will assist people who may not be able to access an appropriate ETR payment under family assistance law or veterans legislation. All ETR payments and the schoolkids bonus will be non-taxable and will not count as income for social security or veterans entitlements income test purposes.

I am terribly disappointed that the Liberal Party have opposed this measure. I am deeply disappointed that the Liberal Party do not appear to care for the future education of Australian children. I am also deeply disappointed that the Liberal Party do not care about supporting Australian families. I call again on every Tasmanian Liberal senator to go to the schools in their communities and explain to the parents of students at Snug Primary School, Reece High School, St Aloysius Catholic College and every other school across Tasmania why the Liberal Party refuse to support their family in educating their children. And what excuse does the Liberal Party offer for refusing parents the schoolkids bonus? All that the Liberal Party offer is that they do not trust parents to spend the schoolkids bonus on their children's education. How insulting is that? How insulting is it to every caring, hardworking parent across our country that the Liberal Party believe that, instead of spending money on their children's education, parents will simply waste the money? How insulting is it to every caring,
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hardworking parent across our country that the Liberal Party do not trust parents to act in the best interests of their own children?

I find it disgusting that Senator Cash came into this place not long ago and implied that parents receiving this bonus will just pour it into poker machines—that the shadow parliamentary secretary for the status of women thinks so little of the mothers of Australia, whom she purports to represent, believes that. I do not think she actually believes it; I think she is just toeing the party line to be nice to Mr Abbott. I also find it quite hypocritical that Senators Fifield and Bernardi make public statements that young families are doing it tough but refuse to pass the one practical measure to help them out. I am angry that the Liberal Party think so little of Australian parents and Australian children. That stinks, it is rotten and it is mean. It is just plain nasty. Australian parents deserve better than those opposite.

I am, however, proud to say that the Gillard Labor government passed this bill through the House of Representatives last night, despite repeated, bizarre attempts by the Liberals to block the vote. Tony Abbott's extreme and unfortunately increasingly predictable blocking tactics took 'no' to a whole new level. The 19 Liberal Party members of the House of Representatives who spoke in opposition to the schoolkids bonus should hang their heads in shame and take a moment to think of the families in their electorates. Mr Abbott has shown all Australians just how determined he is to stop families getting the money they need.

I am proud to say that every single one of my Tasmanian Labor colleagues in the House of Representatives—Geoff Lyons in Bass, Sid Sidebottom in Braddon, Dick Adams in Lyons and Julie Collins in Franklin—voted in support of the schoolkids bonus. Each Tasmanian Labor member stood up for the families in their electorates. I am also proud that soon my Labor colleagues in the Senate will do the same and vote in favour of the schoolkids bonus. I highly recommend and commend this bill to the Senate.

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate) (13:19): I rise to make a contribution on the Family Assistance and Other Legislation Amendment (Schoolkids Bonus Budget Measures) Bill 2012. Colleagues, just when you think the government cannot possibly come up with yet another shambolic policy, here it is. After the litany of shambolic policies that we have seen from this government, we thought maybe one day they might get to the end of that; maybe one day they might actually give us something that they have thought through and that is substantive. Sadly, colleagues, no—not a chance. This country should be so lucky! This schoolkids bonus is yet another example of this government simply not thinking things through.

This should not in fact be called a schoolkids bonus; it should be called a parents bonus. This is money that is going straight to parents with absolutely no requirement whatsoever that the money be used for their children's education. Supposedly, this is all about ensuring that money goes to children to support their education and other needs. Yet the government says to parents: 'Don't worry; we'll just give you a bit of a cash handout and you don't have any responsibility to prove to the Australian taxpayer that you're going to use this for your children's education'—none whatsoever. How you can possibly call it a schoolkids bonus when there is nothing to tie the bonus to schoolkids? I must say I think we should show these so-called schoolkids the respect of at least calling it a schoolchildren's bonus.
This government has absolutely no idea. This is nothing more than a cash splash. This is nothing more than a sugar hit for families. And it creates a diversion from the carbon tax hit to the cost of living. That cash splash is going out to parents at the very same time as the government is asking the nation to stump up for a $300 billion limit on the country's credit card. On one hand we have the irresponsibility of putting money out, throwing out a cash splash, with no requirement for responsibility from parents as to how they are going to spend it, and on the other hand asking this parliament to increase the limit for borrowings from $250 billion to $300 billion. This Gillard-Greens-Independent-shambolic-crazy government is absolutely appalling. They have no idea how to construct a budget that will take the country forward to a sustainable future.

The people in this nation get it; they understand it. Senator Cash was absolutely right when she said earlier that the Australian people are not fools. They know that this is money to buy votes, that this is money to distract people from the cost-of-living hit which will come from the carbon tax—there is absolutely no two ways about that. With the litany of policy failures, this is just another. Look at the Home Installation Program, where $2½ billion was mismanaged with at least $500 million spent fixing the mistakes; computers in schools is a $1.4 billion blow-out and way behind schedule; Fuelwatch and GroceryWatch had nearly $30 million spent setting them up and then they were dumped; Labor's multibillion dollar NBN rollout—as my good colleague Senator Joyce said last night, the next budget nightmare—has continued without a proper business case; and my personal favourite, a small but a goodie: the government sold the parliamentary billiard tables for $5,000 and then spent $102,000 determining whether or not they got value for money. This demonstrates the calibre of this government.

It is no wonder people come up to me in the street and say time and time again that they are embarrassed by this nation's Labor government. There is absolutely no confidence out in the community, none whatsoever, and things are in a downward spiral courtesy of this cobbled together, Labor-Independent-Greens government which people are mightily sick of. When they see things like the schoolkids bonus, they know money is not being targeted properly, that there is no responsibility being required from parents as to how they are going to spend this money. There is not one single thing linking that payment, the cash bonus going to parents, to providing educational needs of the students. How can it possibly be called a schoolkids bonus? As I said earlier, it is a parents bonus; it is not schoolkids bonus.

Earlier Senator Bilyk used a litany of phrases about how terrible it was that we thought parents were going to spend this money on things other than educational needs. It is not that we think badly of parents; it is that the cost of living being exacerbated by the carbon tax will mean parents will have no choice but to use this money to address cost-of-living increases. They are not going to have any choice.

This government should scrap the carbon tax. If this government had one shred, one iota of sense and sensibility, it would get rid of the carbon tax, which is not going to change the climate one little bit yet will put a huge impost on families across this nation when it comes to the cost of living. If the government did that, it could retain the education tax refund, which would be targeted to families for education purposes. We heard comments earlier from Senator Milne trying to compare it to the baby bonus.
The baby bonus was a targeted payment to achieve a policy objective. This is nothing more than a cash splash, like the $900 cheques which went to prisoners and people living overseas. Indeed, I remember a story of a fellow who had worked in property in north-west New South Wales, who called his boss when the $900 cheques went out and said, 'Hey, mate, can you thank the Prime Minister for me. I've got my $900 cheque.' He was sitting in a pub in London. That is the sort of policy ineptitude—'expertise'—that we see from this Labor government. The schoolkids bonus is yet another example of it.

With this dodgy budget, cooking the books, the way the government are running the nation's finances, if it were not so desperate it really would be laughable. Everyone can see it. Labor think they are hiding in the corner saying, 'No-one can see that we have moved all this money into this financial year and pushed a whole lot out to 2013-14. Gee, doesn't the surplus look fantastic in 2012-13!' People can actually see. They know and understand that the government have cooked the books to get the 'surplus' they want for this year, and it is simply appalling. The schoolkids bonus is no way to provide for educational needs for school children. It is absolutely no way to do it. It is yet another example of this government's complete ineptitude, and the Australian people know it. They are out in the streets decrying the fact that this Labor-Greens-Independent government simply are unable to run the country properly. They are completely inept, and it is no wonder people are saying it is time for the government to go.

Senator CAROL BROWN (Tasmania—Deputy Government Whip in the Senate) (13:28): What we just heard in that contribution from the opposition on the Family Assistance and Other Legislation Amendment (Schoolkids Bonus Budget Measures) Bill 2012 was again simply a list of reasons why they cannot support Australian families. No matter how they try to dress it up, no matter what sorts of mealy-mouthed words come out, the reality is that that contribution was, firstly, talking about cobbled together a government. Mr Abbott was trying to do the same thing, but the reality is Australians do not want Mr Abbott as Prime Minister. They could not do that, so now they criticise the government. They talked about the NBN, again an initiative widely supported by the Australian community. Across the states and territories, particularly in Tasmania, it is a fantastic infrastructure initiative providing jobs and boosting the economy.

They also talked about our economic expertise. Of course, they would, because we have a strong economy. We acted quickly and directly to tackle the global financial crisis and they do not like it. And we returned the budget to surplus and they do not like it.

No matter how they dress it up and no matter what they say, they do not want to support the schoolkids bonus, because they want to oppose everything. By saying that parents will not spend the money on their children's education, no matter how they word it, they simply mean that they are refusing to trust families. They are blocking this relief for family budgets, for extra money to be spent on children's education, because they do not trust families and they have no other word but 'no'. We know they have been called the 'noalition' and I am sure they are very proud of it.

What we are doing in delivering on the government's announcement to replace the education tax refund with the new schoolkids bonus is ensuring the government's commitment to help low-income families
make ends meet. The new schoolkids bonus is a $2.1 billion investment over five years, which will provide assistance for about 1.3 million Australian families and for 2.2 million kids in school. The new payments will see eligible Australian families receive $410 a year for each child in primary school and $820 a year for each child in secondary school. In my home state of Tasmania, around 35,000 families stand to benefit from the schoolkids bonus, sharing in over $36 million. The bonus will help parents meet the costs of having children in school by providing a payment to assist with school uniforms, textbooks, excursions and stationery.

Because we are making the schoolkids bonus scheme automatic and upfront, parents will not have to keep receipts for months and months until tax time. It also means that parents will receive the full amount every time, so families will not miss out if they happen to lose their receipts. Parents will not have to wait for months to be reimbursed if they have to pay the expenses out of their own pocket. The schoolkids bonus will be paid upfront in two instalments in January and June each year, so families will have the money in their pockets when children's school expenses start to flow. The bonus will be available each year to families receiving family tax benefit A, to young people in school receiving a youth allowance and to families receiving some other income support or veterans payments.

As I mentioned earlier, the government is implementing the schoolkids bonus to replace the education tax refund. We introduced the education tax refund back in 2008 to help families with the cost of having children in school. However, many families did not claim the full amount they were entitled to under the education tax refund and some did not claim anything at all. Families lost their receipts or forgot to keep them, and many parents were not able to afford to pay for the school items first and then wait months to be reimbursed. So, we are now introducing the schoolkids bonus scheme, which has simplified the process and will provide upfront financial support to parents when they need it most. As part of our transition to the new schoolkids bonus on 1 January 2013, the government will pay out the education tax refund in full next month to all eligible families. We are doing this in the knowledge that many families would have school expenses that they need help with right now to make ends meet. This means that families with schoolkids will get payments straightaway, without having to collect receipts and wait until tax time to fill out the paperwork to be reimbursed. The lump sum education tax refund payment will mean eligible families will receive $409 for each child in primary school and $818 for each secondary school child. These are the maximum amounts that would have been available through the education tax refund in 2011-12.

Whilst we on this side of the chamber are implementing measures to support families to help make ends meet, what do we get from those opposite? We have already witnessed here today the negativity; we have already witnessed here today the opposition, and we have already witnessed here today the opposition's view that parents cannot be trusted. That is exactly what we would expect—mindless negativity with the view to oppose, oppose and oppose. Mr Abbott and his Liberal colleagues have revealed their true colours. They have tried to block the passage of this vital piece of support for Australian families. Why Mr Abbott and his Liberal colleagues would want to deny extra payment and assistance going to families to help them with cost-of-living expenses is a question Mr Abbott needs to answer for parents. It is clear that the Liberal Party led
by Mr Abbott do not support Australian families. Instead, they want to rip hundreds of dollars from the pockets of Australian families who are putting their children through school.

We know that families on low and middle incomes are feeling the pinch and that is why we are providing them with the extra support to make ends meets. We are still waiting for the Liberal Party to drop the negativity. We are waiting on them to drop their mantle of opposing for opposition's sake and to help put some money into the pockets of Australian families to use for educational expenses. They failed last night, but today they have an opportunity to say to Australian parents, 'We understand that this money will help with your children's school expenses and we do trust you to use that money on your children's education.' Today, parents— and I know there are around 35,000 Tasmanian families who will benefit from this bonus—are looking for the Liberal Party in the Senate to say: 'Yes, we want to help you as well. We'll join with the government and pass the schoolkids bonus.' With those few words, I ask that the Liberal Party join with the government in ensuring that parents and their children receive this bonus to assist them with their children's educational costs.

**Senator XENOPHON** (South Australia) (13:37): I will make a very brief contribution on the Family Assistance and Other Legislation Amendment (SchoolKids Bonus Budget Measures) Bill 2012, because on such an important piece of legislation it is important that the record is made clear. I will be supporting the second reading of this bill but not the third reading. I do so for this reason: as a general principle I think it is important to support parents in the area of schoolkids' education expenses. I am a supporter of government assistance where it is needed. One of the functions of government is to provide financial assistance to help those in need meet basic living expenses. So in that respect the principle is not a bad one. Increasing the level of assistance to families for schoolkids' expenses is a laudable principle.

I object to the bill in its current form and I cannot support the third reading of the bill because of the way it is being handled, because this is just a blank cheque, in a sense. A voucher system would have been much more preferable—the system that was in place previously—because it would limit the possibility of some parents, a small minority of parents, rorting the system. In some cases that does happen and we ought to acknowledge that. But there is also the general principle of ensuring that, if this is about schoolchildren and their educational expenses, this money ought to be spent directly for the kids' educational expenses, not by means where there is no accountability. That is why I think this bill in its current form is flawed. The government ought to have stuck with the voucher system; if it had, I would have supported this bill.

In summary, I do support the principle that there should be additional assistance to families, but if it is targeted specifically to educational expenses for schoolchildren then it ought to be via a voucher system rather than a system which does not have any reasonable measure of transparency or accountability.

**Senator JOYCE** (Queensland—Leader of The Nationals in the Senate) (13:39): There was an ad once that said, 'If a stranger comes up and gives you flowers, it is Impulse.' It was an ad for perfume. Sometimes when a stranger comes up and gives you flowers it is impulse; sometimes it is just plain creepy. This is the ultimate: the stranger coming up to give you flowers is Julia Gillard. Where did this bouquet come from? What inspired this bouquet? Why has
she now decided to throw this garland before the Australian people? Pray tell. It is apparently about schoolkids. If she had actually thought about it, maybe it should have been about 'schoolchildren'. We are trying to get the proper dictum here and I think 'schoolchildren' would be a good approach to take.

Let us talk about where the schoolkids bonus—more like a 'country on the skids bogus'—is going to come from. The whole thing about this is that it is borrowed money. It is not our money, it is somebody else's money. It is more money that we are going to be borrowing from the Chinese, more money that we are going to be borrowing from people in the Middle East, more money that we have to pay back. It is no bonus to the schoolchildren when we find out that not only will they be paying it back but, with $300 billion on our overdraft, their children and their children's children will be paying it back. The insane approach that this nation is taking now is beyond comprehension. Where do these ideas come from? Where do they emanate from? More to the point, where is the money coming from? They just do not seem to care anymore. We have got the schoolkids bonus—the country on the skids bogus—yet we have only managed to put $1 billion into the NDIS over the next four years. Where are the priorities of this government?

Knock me down with a feather here, but you are not just trying to bribe your way into an election, are you? You have not decided that you might be able to get a bit more largesse out to every person with a child rather than actually help people with disabilities? Is that the approach? You are going to get called on it—people are all over you like a rash on this one. It is just so pathetic. We have could have built a dam and created wealth, we could have fixed up railways, but no. Why not have another payment to every person who owns geraniums or who has owned geraniums or who could possibly own geraniums at some point in time in the future? This is to help schoolchildren—what, in July? I thought, 'If they are not at school by July, you have got another problem on your hands—it is called truancy.' This is just so manic; it is just so typically Labor.

We are, as we speak, $228.8 billion in gross debt. The finance minister of this nation could not even nominate their peak debt position. We are dealing with the most incompetent economics team that has ever run the country. In the midst of this, at a time where you would expect some sort of frugal inspiration to come over the government— noting that it is not their money, that it is all borrowed money that has to be repaid—and that they would be using their expenditure first and foremost following priorities. Obviously the schoolkids bogus sits above the NDIS, because you cut your money back on the NDIS. We have got to get our priorities right here. We have got to somehow think that people are so naive that you can actually buy their vote, because that is all you are trying to do. People are thinking that this government is a little bit creepy. It has become a little bit strange. We have seen fantastic figures in the budget—an 11 per cent increase in revenue streams. They must not have televisions over in the ministerial wing. There is a little bit of a problem going on in Europe—Europe being the bigest consumer of products from China and China being the biggest market for our commodities. This does not seem to worry them. Just borrow more money! And what is the outcome they are looking for? What do they put on the table as the outcome they want to achieve from this? What is it? Who would know? All we get are these stumbling speeches about the fact that people no longer have to keep receipts. How do you think the
rest of the economy works? That is what happens—you keep receipts. You keep receipts, you get to the end of the financial year and you add up your receipts. Why don’t you have another policy, since you are so worried about people keeping receipts, of getting rid of group certificates as well? Let’s get rid of all forms of record keeping, because that is apparently the motivation that sits behind this.

Who thought this up? Was it Minister Wong who thought this up? Is this one of her grand visions? Was it that pre-eminent bard of economic literacy, the Treasurer, Wayne Swan, who thought this up? Where is the committee that sits behind this idea? Where was the committee hearing that came up with this idea? Find me even one adjournment speech by one member of the Labor Party that even suggested this. Where did it come from? Where did this little pearl come from? Did it come from some lobby group? Has any peak industry group come in and asked for this? Have I missed something? Was it telepathy that brought this thought into creation in the Treasury? Is there one person who, before the date this was announced, stuck up their hand and said this was what they wanted? Where did this $1 billion of frivolity come from?

It is all borrowed money. It is more money for the Australian people to repay and there is no benefit to the child who has to grow up knowing about this debt. From what we saw in the paper today, they will be paying $5,000 for social security services a year out of their tax. How much do you intend for them to pay just to repay your debt? Where does this debt finish? You have $300 billion on your credit card. Even if you could possibly believe in their so-called surplus—a $1½ billion surplus—how many years will we be waiting around to pay off the credit card? A couple of hundred years. That means that, if we had racked up this debt when Cook arrived, we would just have paid it off lately. This is so mad and it is so dangerous.

So we have come to this position now where we really have to call on the people in this chamber to be adult and start asking the serious questions, because you know what this is. It is merely a bribe. It is a completely and hopelessly unadulterated bribe. It is quite creepy the way things have disintegrated in the Labor Party. It has become so pathetic. It is quite obvious to all and sundry that there is no logic that sits behind this. There was no committee hearing. There was no peak industry body. Nobody has ever asked for this. It is just something that has been concocted on the back of an envelope, very much like the NBN—the next budget nightmare.

If you want to have just a skerrick of fiscal responsibility, a skerrick of integrity, you cannot allow these sorts of things to happen. You have to remember that the opportunity cost of the money wasted here is the hip replacement in the future. It is the dentist in the future. It is the health expenses in the future. It is the money that could be spent on people with a disability in the future. It is our defence budget in the future. These are the things that are being compromised because of this type of creepy lunacy that has come into existence with these random payments that have started floating in here.

The Australian people will take your money—of course they will. It is like the person at the hotel who shouts the bar over and over again. Of course you take the beer, but you do not respect them. You just think they are a straight-up fool. But this is what is happening with our nation. Senator Mitch Fifield here will be very interested in why this money was not in the NODES. They found the money for the creepy bonus, but
they cannot find the money for the NDIS. We have reduced the money for the NDIS because we have to put it into the creepy bonus.

In closing, it is so obvious that what we are doing is bribing Australia with borrowed money. The Australian people will not respect you. The Australian people will hold you in contempt because the legacy of your government will impoverish the future of the cost of our future health care, our future defence and the future needs and requirements of this nation—because of your random, crazy government.

The ACTING DEPUTY PRESIDENT (Senator Back): Order! The time allotted for consideration of this bill has expired. The question is that the bill be now read a second time.

The Senate divided. [13:54]

(The President—Senator Hogg)

Ayes......................38
Noes......................31
Majority.................7

AYES

Bilyk, CL
Cameron, DN
Carr, RJ
Conroy, SM
Di Natale, R
Farrell, D
Feeney, D
Gallacher, AM
Hogg, JJ
Ludwig, JW
Marshall, GM
McLucas, J
Moore, CM
Pratt, LC
Sherry, NJ
Singh, LM
Sterle, G
Waters, LJ
Wright, PL

NOES

Abetz, E
Bernardi, C
Boswell, RLD
Cash, MC
Cormann, M
Eggleston, A
Ferravanti-Wells, C
Fisher, M
Humphries, G
Joyce, B
Macdonald, ID
McKenzie, B
Parry, S
Ronaldson, M
Sinodinos, A
Williams, JR

AYES

Brown, CL
Carr, KJ
Collins, JMA
Crossin, P
Evans, C
Faulkner, J
Furner, ML
Hanson-Young, SC
Ludlam, S
Lundy, KA
McEwen, A
Milne, C
Polley, H (teller)
Rhiannon, L
Siewert, R
Stephens, U
Thistlethwaite, M
Wong, P
Xenophon, N

NOES

Abetz, E
Bernardi, C
Boswell, RLD
Cash, MC
Cormann, M
Eggleston, A
Ferravanti-Wells, C
Fisher, M
Humphries, G
Joyce, B
Macdonald, ID
McKenzie, B
Parry, S
Ronaldson, M
Sinodinos, A
Williams, JR

AYES

Back, CJ
Birmingham, SJ
Bushby, DC (teller)
Colbeck, R
Edwards, S
Fawcett, DJ
Fifield, MP
Heffernan, W
Johnston, D
Kroger, H
Mason, B
Nash, F
Payne, MA
Ryan, SM
Smith, D

NOES

Abetz, E
Back, CJ
Bernardi, C
Birmingham, SJ
Bushby, DC (teller)
Colbeck, R
Edwards, S
Fawcett, DJ
Fifield, MP
Heffernan, W
Johnston, D
Kroger, H
Mason, B
Nash, F
Payne, MA
Ryan, SM
Smith, D

PAIRS

Bishop, TM
Brown, RJ
Urquhart, AE

Question agreed to.

Bill read a second time.

Third Reading

The PRESIDENT: The question now is that the remaining stages of the bill be agreed to and the bill be now passed.

The Senate divided. [13:59]

(The President—Senator Hogg)

Ayes......................37
Noes......................32
Majority.................5

AYES

Bilyk, CL
Cameron, DN
Carr, RJ
Conroy, SM
Di Natale, R
Farrell, D
Feeney, D
Gallacher, AM
Hogg, JJ
Ludwig, JW
Marshall, GM
McLucas, J
Moore, CM
Pratt, LC

NOES

Brown, CL
Carr, KJ
Collins, JMA
Crossin, P
Evans, C
Faulkner, J
Furner, ML
Hanson-Young, SC
Ludlam, S
Lundy, KA
McEwen, A
Milne, C
Polley, H (teller)
Rhiannon, L
Siewert, R
Stephens, U
Thistlethwaite, M
Wong, P
Xenophon, N

AYES

Brown, CL
Carr, KJ
Collins, JMA
Crossin, P
Evans, C
Faulkner, J
Furner, ML
Hanson-Young, SC
Ludlam, S
Lundy, KA
McEwen, A
Milne, C
Polley, H (teller)
Rhiannon, L
Siewert, R
Stephens, U
Thistlethwaite, M
Wong, P
Xenophon, N

NOES

Back, CJ
Birmingham, SJ
Bushby, DC (teller)
Colbeck, R
Edwards, S
Fawcett, DJ
Fifield, MP
Heffernan, W
Johnston, D
Kroger, H
Mason, B
Nash, F
Payne, MA
Ryan, SM
Smith, D

PAIRS

Bishop, TM
Brown, RJ
Urquhart, AE
AYES

Sherry, NJ
Singh, LM
Sterle, G
Waters, LJ
Wright, PL

Siewert, R
Stephens, U
Thistlethwaite, M
Wong, P

NOES

Abetz, E
Back, CJ
Bernardi, C
Bushby, DC (teller)
Boswell, RLD
Colbeck, R
Birmingham, SJ
Edwards, S
Eggleston, A
Fawcett, DJ
Fifield, MP
Fisher, M
Heffernan, W
Ferravanti-Wells, C
Johnston, D
Joyce, B
Kroger, H
Joyce, B
Mason, B
Joyce, B
McKenzie, B
Parry, S
Payne, MA
Ronaldson, M
Ryan, SM
Smith, D
Singh, LM
Smith, D
Stephens, U
Sterle, G
Thistlethwaite, M
Thistlethwaite, M
Wong, P

PAIRS

Bishop, TM
Brown, RJ
Urquhart, AE

Brandis, GH
Scullion, NG
Boyce, SK

Question agreed to.

Bill read a third time.

The PRESIDENT: Order! It being past 2 pm, we will now proceed to questions without notice.

QUESTIONS WITHOUT NOTICE

Budget

Senator CORMANN (Western Australia) (14:01): My question is to the minister representing the Treasurer, Senator Wong. Why does a government which is promising surpluses for each single year over the forward estimates have to pay $1.2 billion more in net interest payments to service its debts in 2015-16 than it does in 2012-13? Is the government expected government borrowings to go up over that period or interest rates or both?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:02): As I explained yesterday, both gross debt and net debt as a proportion of GDP peak in 2011-12. Obviously Treasury make certain assumptions about the size of the CGS as well as what the relevant interest rate will be in terms of estimating going forward. I would make this point when we talk about budget costings from those on the other side—

Opposition senators interjecting—

Senator WONG: You are very precious about this whenever anybody mentions the fact that you have no credibility when it comes to the budget, that your economic team keeps delivering mistake after mistake after mistake.

Senator Cormann interjecting—

Senator WONG: Senator Cormann clearly keeps betting. You always have to take a point of order because you do not want anybody to know. It is very, very precious, isn't it!

Senator Cormann: Mr President, on a point of order: I cannot see how the minister's abuse can in any way be directly relevant to the question. My question was why the government has to pay more interest on its debt in 2015-16 than in 2012-13 when they are telling us they will have surpluses over this period. I want to know very specifically, from the minister, whether the government expect government borrowings to go up or whether they expect interest rates to go up or whether they expect both to go up. That is the specific question, and none of the minister's answer so far were directly relevant to the question.

The PRESIDENT: Order! I believe the minister has been addressing the question.
The minister has a minute and 15 seconds remaining.

Senator WONG: Thank you, Mr President. It is the case, if Senator Cormann considers the budget papers—and I assume he has—that there is an increase in 2015-16 in the net interest payment line. This is due to the maturing of a Treasury index bond line in that year. In that year all of the capitalised indexation of the principal is accounted for as interest and this adds to the net interest in that year over and above what normal interest on those bonds would be. This is explained in the budget papers at page 714.

We have laid out our path to surplus. We have demonstrated how we will grow the surplus over time every year of the forward estimates. We have ensured that we remain below the level of taxation that Treasurer Costello bequeathed to us. We have made sure we have constrained payments as a share of the economy to a level not seen over the forward estimates since the 1980s. I invite those on the other side who think that the Liberal Party should actually be a party that is fiscally responsible to demonstrate that they are, because at the moment their economic team is characterised— (Time expired)

Senator CORMANN (Western Australia) (14:05): Mr President, I have a supplementary question. How many schools, hospitals or roads could the government fund if it did not have to pay $29 billion in net interest payments to service the debt Labor has accumulated over the past 4½ years in government?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:05): I am asked about schools funding and hospitals funding. I remind those opposite that we have almost doubled schools funding. That is what this government has done. I remind those opposite of the increase in expenditure on hospitals, when they are led by a man who took $1 billion out of the public hospital system. But, if you want to talk to us about cuts, how many schools will you close to make your $70 billion black hole?

Government senators interjecting—

Opposition senators interjecting—

The PRESIDENT: Order! I will ask Senator Wong to resume when there is silence on both sides.

Senator WONG: Thank you, Mr President. Those opposite should tell the Australian people how many schools and hospitals they will close to fill their $70 billion black hole. They are now locked into a pledge for a surplus of one per cent of GDP this year. A $15 billion surplus is what they said. You would have to pay no Medicare next year. You would have to pay no Medicare to anyone in Australia for all of 2012-13 to make the promise you have made.

Senator CORMANN (Western Australia) (14:07): Mr President, I ask a further supplementary question. Is the minister aware that, once the coalition had paid off $96 billion of Hawke-Keating Labor debt, the government actually received net interest payments instead of having to pay $29 billion in net interest? Isn't this another stark demonstration that Labor does not know how to manage money and that it always comes down to the coalition to fix up Labor's fiscal mess?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:07): I am asked about former Treasurer Costello. Quite clearly the regard with which former Treasurer Costello holds the current economic team on that side of the chamber is demonstrated by his desire to return, his desire to ride again, his desire to get back into this place, because he knows those on
the other side are incapable of putting a budget bottom line together.

Opposition senators interjecting—

Senator WONG: And here come the precious petals again.

The PRESIDENT: Order! Senator Wong, you need to come to the question.

Honourable senators interjecting—

The PRESIDENT: Order! On both sides. Senator Wong, you do need to come to the question. You have 35 seconds remaining.

Senator WONG: I was asked a very political question about Mr Peter Costello and I responded in kind. I regret that his former allies on that side are so silent when required to defend him.

Senator Brandis: Mr President, I raise a point of order on relevance and also on obedience to the chair. You asked the minister to come to the question. She is with contempt defying your ruling, and if the authority of the chair is to be defended you must insist that she obey your ruling.

Senator Jacinta Collins interjecting—

The PRESIDENT: Senator Collins, there is no point of order.

Senator Jacinta Collins: Yes, but you can't let him get away with that.

The PRESIDENT: Order! I have drawn the minister's attention to the question. The minister now has 17 seconds to address the question and I draw the minister's attention to the question.

Senator Wong: The reality is that I was asked to reflect on the coalition's record versus Labor's record. What I say is that this coalition has never yet done a budget bottom line which adds up, not once. They have never done it once. (Time expired)

Budget

Senator SHERRY (Tasmania) (14:10): My question is to the Minister for Broadband, Communications and the Digital Economy, Senator Conroy. Can the minister advise the Senate how the budget will continue to benefit all Australians? Are there any other budget alternatives and what would their impact be on families?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (14:10): I thank Senator Sherry and also congratulate him on his career.

Honourable senators: Hear, hear!

Senator CONROY: The Gillard government is returning the budget to surplus on time as promised. The Treasurer has managed to do this despite the vandals opposite and despite the global uncertainty ripping $150 billion from government revenue.

Senator Cormann: Scrolling, scrolling.

Senator CONROY: We know that Mr Abbott has scrolled you off the page of the ERC process, Mathias, so you keep scrolling merrily. Importantly, this is a budget that provides a surplus for families and not from families; it provides the Reserve Bank with the maximum flexibility to reduce interest rates further if they support it. Importantly for families and small businesses across Australia, interest rates are now lower than at any time under the previous government. Our economic fundamentals are strong. Unemployment is at 4.9 per cent today. Inflation remains within the RBA's target and the economy is forecast to grow at around three per cent per annum. In contrast, the test for Mr Abbott, and the opposition, tonight in his reply is not to squib it. Those
opposite should show us their cuts. They should come clean with the Australian people.

Senator Heffernan: Mr President, I think it is breaking standing orders to read the answer. We know you can read, but we want to know if you can think and talk at the same time.

The PRESIDENT: There is no point of order, Senator Heffernan; you know that. Senator Conroy, you have 14 seconds remaining.

Senator CONROY: Mr President, I am not surprised that those opposite want to try to shut down the answer. I am not surprised, because they do not want to come clean. They do not want to tell us on the back of the $70 billion self-confessed black hole where they are going to find the other $15 billion. (Time expired)

Senator SHERRY (Tasmania) (14:13): Mr President, I ask a supplementary question. Can the minister advise the Senate on the government's treatment of the National Broadband Network, a network which is so critical to the future of my home state of Tasmania?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (14:13): Mr Turnbull has once again willingly misled the public with his false claims of a blow-out and a fiddle in relation to the treatment of the NBN in the budget. His claims that $450 million of additional departmental expenditure in 2011-12 has been brought forward are simply false. The payments are made to Telstra under the terms of the definitive agreement. This is neither new nor news, as those agreements came into force on 7 March 2012 and their treatment within the budget was outlined in a press release distributed on that day. Similarly, the claim of a $400 million blow-out in equity is false, as it simply reflects the equity funding of $350 million deferred from 2011-12 to 2012-13. (Time expired)

Senator SHERRY (Tasmania) (14:14): Mr President, I ask a further supplementary question. Can the minister outline this year's budget funding allocation to the Special Broadcasting Service, SBS, and how this funding boost will help SBS continue to serve audiences across Australia?

Senator Ian Macdonald: Mr President, I rise on a point of order. I hesitate to raise this in Senator Sherry's last question to the senator, but aren't these supposed to be supplementary questions? The first question was about the budget, the next one was about the NBN and this one is about SBS. What is the supplementary nature of those, apart from the minister, who pretends he knows a little bit about it all?

The PRESIDENT: Senator Macdonald, if you look at the primary question you will see the supplementary questions have both been in order.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (14:15): Thank you, Mr President. The SBS is one of Australia's most important cultural institutions. As part of the 2012-13 budget—

Senator Fierravanti-Wells: A left-wing cultural institution!

Senator CONROY: I will take that interjection from Senator Fierravanti-Wells and her description of SBS as left wing. The Labor government is providing $158 million over five years to ensure that SBS remains a vibrant and dynamic national broadcaster
and to enable the launch of a new Indigenous free-to-air television channel. This is the most significant funding boost that SBS has ever had. It will allow SBS to continue to provide innovative television, radio and online services, including high-quality programming such as the recent Logie Award-winning series *Go Back to Where You Came From*.

**Budget**

**Senator JOHNSTON** (Western Australia) (14:16): My question is to the Minister for Foreign Affairs and the Minister representing the Minister for Defence, Senator Bob Carr. The 2009 Defence white paper declared on page 137 at point 18.4 that funding for Defence would be guaranteed by three per cent real growth out to 2017-18. Is this still Labor policy?

**The PRESIDENT:** I do not think you can ask a question on policy. Rephrase the question.

**Senator JOHNSTON:** Is the government still adhering to its white paper?

**Senator BOB CARR** (New South Wales—Minister for Foreign Affairs) (14:17): On 3 May the Prime Minister and the Minister for Defence, Stephen Smith, announced that Defence would commence work on a new Defence white paper, to be delivered in the first quarter of 2013. As outlined in the 2009 Defence white paper, this process involves a new white paper at intervals of no more than five years. However, there have been a number of significant developments since the 2009 white paper which are influencing Australia's Defence budget, Defence posture and future for structure. The government is of the view that we need to review our strategic settings in light of these developments through a white paper process which will include: (1) the Australian Defence Force's post-operational challenges, including transition in Afghanistan and draw-down in East Timor and the Solomon Islands; (2) the Australia Defence Force Posture Review, which addressed a range of national—

**Senator Johnston:** Mr President, I rise on a point of order on relevance. I asked if the three per cent in the white paper of 2009 is still extant. I think the minister should come to the question.

**Senator Chris Evans:** Mr President, on the point of order. The minister was being directly relevant to the question about policy, the white paper and the government's plans. He was absolutely directly on the issue raised by Senator Johnston in his question. I suggest to Liberal senators who insist on taking a point of order at least once, if not two or three times, that they are preventing the Senate from dealing with more questions both from themselves and from other members of the Senate. I suggest that it is a complete waste of the Senate's time and that it undermines question time.

**The PRESIDENT:** I believe the minister is answering the question. The minister has one minute and five seconds remaining.

**Senator BOB CARR:** One might note what aspect of Defence spending would be secure with a government that says it is going for a $15 billion surplus. What would be secured with that commitment?

**Senator Williams:** Mr President, I rise on a point of order. I ask that you ask the minister to address his comments to you. This is not the New South Wales parliament, where he always addressed his benches. He must answer his question to you, as the question is put to you, and he must be asked to address his answer through you, the President.

**The PRESIDENT:** That is not a point of order. Senator Bob Carr, you have 51 seconds remaining.
Senator BOB CARR: What an aspersion to cast on the parliament of the mother colony! All our freedoms stem from that building in Macquarie Street, the first of the Australian parliaments.

The PRESIDENT: Come to the answer, Senator Bob Carr.

Senator BOB CARR: The second factor is the Australian Defence Force Posture Review, which addressed a range of national security questions. The third factor is the ongoing effects of the global financial crisis, which since the 2009 Defence white paper has continued to unfold with unexpected severity and duration. The fourth factor is the ongoing need to drive reform in our Defence establishment. The government also needs to ensure that Defence spending is calibrated—

Senator Brandis: Mr President, on a point of order, you have given the minister latitude to address the background of the government's considerations of the various criteria that go into its decision making. The question was specific: whether the three per cent real increase was still the policy of the government. In the two seconds remaining, the minister can answer that question—yes or no. The opposition accept the latitude you have given the minister to paint the context, but we have not had an answer. There is time for there to be an answer, and I ask you to direct the minister, in the time remaining to him, to tell us whether it is the government's policy or not.

The PRESIDENT: I cannot direct the minister how to answer the question. I have said this on numerous occasions in this place before. I can draw the minister's attention to the question and to answer the question, but I cannot tell a minister how to answer the question. The minister has two seconds remaining.

Senator JOHNSTON (Western Australia) (14:23): Mr President, I ask a supplementary question. The 2009 Defence white paper, at page 138, point 18.10, directed that any savings generated by the Strategic Reform Program would be reinvested in acquiring defence capabilities. Is this still government policy?

The PRESIDENT: Order! You cannot ask a question on policy.

Senator JOHNSTON: Will the government still adhere to the matters relating to that in the white paper?

The PRESIDENT: The question is now in order.

Senator BOB CARR (New South Wales—Minister for Foreign Affairs) (14:23): The commitment made in the white paper was to funding of three per cent real growth to 2017-18, and 2.2 per cent commitment was an average to take into account Defence's annual funding needs, which vary from year to year. The government will continue to ensure that Defence will receive the funding it needs, when it needs it, to deliver its projects. However, it is not always possible for Defence to spend the money it has estimated it needs for various reasons. For example, in the 2011-12 budget, Defence reduced its call on the budget by $1.6 billion in 2010-11 and $2.7 billion over the next four years. Second, the reprogramming was necessary to reflect realistic achievement of project delivery by industry for capability and infrastructure projects. It also accommodated anticipated delays—(Time expired)

Senator JOHNSTON (Western Australia) (14:24): Mr President, I ask a further supplementary question. Given that neither the military nor the Department of
Defence made the decision to cancel Land 17, the backbone of the Army's modernisation program, why was political expediency the primary driver in this decision rather than the defence of Australia? Has there been or does the minister anticipate any diplomatic fallout from South Korea as a result of this decision?

Senator BOB CARR (New South Wales—Minister for Foreign Affairs) (14:25): I anticipate none, but I want to make it very clear that the government commenced a defence budget review in 2011 to improve estimation processes in defence, which goes to the heart of this question. Global and domestic economic circumstances have changed significantly since the white paper. The effects of the global financial crisis have contributed to unfold with unexpected severity and duration during the 2009 Defence white paper. Accordingly, the Defence funding model is one of the strategic issues which will be considered through a white paper process. In the meantime, Defence has made a contribution to the return of the budget to surplus, as have other departments and agencies. The 2013 timetable is achievable. The majority of the inputs to the new white paper are already complete or are underway. That includes the Defence Planning Guidance, the Australian Defence Force Posture Review—

Budget

Senator SIEWERT (Western Australia—Australian Greens Whip) (14:26): My question is to Minister Wong, representing the Treasurer. My question concerns the budget announcement that people trying to survive on Newstart and other allowances will receive $210 a year supplementary allowance, which equates to less than $4 a week, raises Newstart to $248 a week and leaves recipients $126 below the poverty line. What evidence does the government have that a person can support themselves on $248 per week? What were the policy and economic factors that the government used to arrive at the sum of $210 per year, and who undertook the modelling underpinning that policy decision?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:26): The senator is correct; as part of the government's Spreading the Benefits of the Boom package, there is an additional supplementary allowance to be payable to income support recipients. The cost of that is around $1 billion over the forward estimates. I note that the senator is one of the people who have been most strong in their advocacy for recipients of Newstart and for an increase in the Newstart rate, and I congratulate her for participating in that campaign. I thought her involvement on a personal level on that was very impressive. The government have made it clear that we are not of the view that it is appropriate nor fiscally possible to increase the Newstart rate. Nevertheless, we do believe that in times where we can provide some additional assistance to income support recipients we should do so. As part of the Spreading the Benefits of the Boom package not only have we provided a significant amount of assistance to families; we have also included the supplement to which the senator refers.

In terms of the package more broadly, the senator would be aware that it is very much targeted, both in the family payment area and in the income support supplement area, to low- and middle-income Australia. If you look at the eligibility, for example, for the families package, that is obviously for families who are receiving family tax benefit A, with differential rates for those on the maximum rate, which are obviously families who receive much less income. In terms of the supplement, whilst I appreciate that the
senator will continue to advocate for a change in the Newstart rate, that is not the approach that the government is taking. We do believe, at a time when the unemployment rate has fallen to 4.9 per cent, as we have seen today, and remains extremely low, that our focus should be on encouraging participation and bringing more people into the workforce.

Senator SIEWERT (Western Australia—Australian Greens Whip) (14:28): Mr President, I ask a supplementary question. Given that the minister did not answer my first question, I will ask it again. Could the minister please outline what advice and economic factors led them to come up with the sum of $210 per year and what makes the government think that that will make any difference to someone trying to survive on $248 a week?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:29): I was trying to be of some help to the senator, but clearly I was not. The government—I explained to the senator—believed that it was appropriate in the Spreading the Benefits of the Boom package to provide support to low- and middle-income Australia. We included, as a result of those considerations, the supplement to which she refers. I appreciate that her position is that the Newstart rate should be changed. That is not the position of the government. As I have said, the government's first priority is to help people get paid work. We, I think, have demonstrated our commitment to that. If you look at where the unemployment rate is today, if you look at the assistance that is provided to people who are looking for work and if you look at the increased numbers of people over time participating, then I think the policy position is clear. (Time expired)

Senator SIEWERT (Western Australia—Australian Greens Whip) (14:30): Mr President, I ask a further supplementary question. Maybe I should make the question really simple. Minister, did the government just pull the figure of $210 a year out of a hat?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:30): The government made a decision to put in place a supplementary allowance, and that is the figure that the government has chosen. As I said, I appreciate that the senator does not believe that is appropriate. If she believes it is so inappropriate, perhaps she should advocate for us not to pay it. But we took the view, when we diverted the company tax cut funds and directed those to middle-income and low-income Australia, that it was important for three particular groups to obtain support: families on the lowest incomes, middle-income families and income support recipients. So the government determined the various allocations and increased payments to those groups. That is in the budget. As I said, you are looking at around $1 billion over the forward estimates.

**Housing Supply and Affordability**

Senator PAYNE (New South Wales) (14:31): My question is to the Minister representing the Minister for Housing, Senator Evans. Given that detached dwelling commencements fell for four consecutive quarters in 2011, rents increased by 4.6 per cent over the year, well above the CPI of 3.1 per cent, and housing supply and affordability has been a COAG agenda item for 2½ years, why hasn't the government introduced any specific measures in the budget to improve housing supply and affordability, which is in such a dire state?

Senator CHRIS EVANS (Western Australia—Minister for Tertiary Education,
Skills, Science and Research and Leader of the Government in the Senate) (14:32): I think the senator's question is misplaced, in the sense that, like so many in the media, she looks at one budget and assumes that, if there is not a new measure there, you are not doing anything. That is completely wrong. The senator well knows that the Labor government's investment in housing has been enormous. Since 2007, we have invested $20 billion in a broad-ranging and innovative affordable housing agenda. Just because there are not new measures in a particular area it does not mean there is not enormous investment and a reform program occurring in that area. I have had that issue in my own area of higher education, with us increasing the indexation rate and continuing record funding to universities. That does not warrant much mention because it does not show up as a new item. The media want to know what is new. What is the case is that our investment in housing continues. We are assisting homebuyers, renters and people who need social housing, and tackling homelessness.

I think it is well recognised in the community that this government has done more than any previous government to try and deal with the huge shortage of housing in this country, particularly for those people on low incomes. We have had a serious problem with homelessness, and this government has sought to tackle that head-on. As I say, we have made enormous investments in a range of schemes—the National Rental Affordability Scheme, the National Partnership Agreement on Social Housing. All those sorts of schemes have received huge investment and are starting to deliver good results with the number of homes and the number of people supported. So it is quite wrong to claim that that sort of major drive for investment in housing is not occurring.

Senator PAYNE (New South Wales) (14:34): Mr President, I ask a supplementary question. Can the minister explain why the government then has not given any indication of funding allocations to the states and territories for homelessness in the budget beyond the expiry of the National Partnership Agreement on Homelessness, which expires in 2012-13? If the government's measures are working so well, why is housing supply going as badly as it is?

Senator CHRIS EVANS (Western Australia—Minister for Tertiary Education, Skills, Science and Research and Leader of the Government in the Senate) (14:35): The question, if I understood it correctly, is regarding national partnerships. Of course you do not enter into the budget figures for partnerships that are yet to be negotiated, but the reality is that we are putting $6 billion investment into social housing construction and it is delivering more than 21,000 affordable homes and, of course, supporting construction jobs. Nineteen thousand of these new homes have been completed, with the remainder to be finished in 2012. The $4.5 billion National Rental Affordability Scheme will increase the stock of more affordable rental properties by 50,000 homes. So there is an awful lot of effort and investment into trying to tackle the housing and homelessness problems this nation confronts, but it is a big job because we were left with a very big deficit. (Time expired)

Senator PAYNE (New South Wales) (14:36): Mr President, I ask a further supplementary question. Given that 2011 was the second straight year that dwelling commencements fell in four consecutive quarters, that we have a housing shortage of 186,800, set to pass 300,000 by 2014, and that the government is apparently relying on the Reserve Bank to improve housing affordability, how can Australians have any
confidence that the government is serious about improving housing, especially for the two million private renters, who do not benefit from interest rate cuts, and those who are vulnerable to homelessness?

**Senator CHRIS EVANS** (Western Australia—Minister for Tertiary Education, Skills, Science and Research and Leader of the Government in the Senate) (14:36): I think it is a bit rich coming from Senator Payne, who was a senator during the period of the Howard government, to accuse us, a government that does have a housing minister, who has focused on these issues, given that under the Howard government there was no housing minister for 12 years. The Howard government ripped $3.1 billion out of the housing budget, so to come in here and say, 'You ought to be doing more,' with your record, quite frankly, takes a lot of gall. The last time you had a chance to support affordable housing you voted against the stimulus that we tried to introduce. You voted against it in the last parliament. So to come in here and say, 'Isn't it terrible that you're not doing more,' when you did nothing and when you voted against the measures we have introduced is, quite frankly, a bit rich. This government is absolutely committed to continuing its investment in housing to support the very big challenges that we confront. *(Time expired)*

**Education Funding**

**Senator POLLEY** (Tasmania—Deputy Government Whip in the Senate) (14:37): My question is to the Minister representing the Minister for School Education, Early Childhood and Youth, Senator Kim Carr. Can the minister outline to the Senate what the government is doing to help hardworking families ensure their children get a decent education and a fair go in life?

**Senator KIM CARR** (Victoria—Minister for Human Services) (14:38): It is not too late for the opposition to join with the government and celebrate the Senate's passing of the government's schoolkids bonus initiative. It is not too late for the opposition to join with the government in recognising that the prosperity of our people rests upon our national investment in education. It is not too late for the opposition to join with the government in understanding that education unlocks inequality by opening up opportunities for individuals. And, as a result of that opening up of opportunities, it of course opens up opportunities for this whole country. So it is not too late for this government to try to persuade the opposition—not that we will ever give up on that—of how important it is to help parents ensure that their kids do the very best that they possibly can at school. Our people deserve nothing less. This parliament ought to come together and assist parents in getting the very best out of the education system that is possible.

That is why this government has provided $2 billion for a schoolkids bonus for families. It is an important investment in the education of the people of this country. So, despite the opposition's resistance, 1.3 million families will see money in the bank, twice a year every year, to help them ensure their kids get the very best education they can. That is $410 each year for a child in primary school and $820 each year for a child in high school. That means 2.2 million Australian kids will see the benefits in terms of assistance with their laptops, textbooks and after-school activities. *(Time expired)*

**Senator POLLEY** (Tasmania—Deputy Government Whip in the Senate) (14:40): Mr President, I have a supplementary question. I thank the minister for his answer. Can the minister advise what more the government is doing to help families meet the expense of a child's education?
Senator KIM CARR (Victoria—Minister for Human Services) (14:40): I thank Senator Polley for the question. This is a government that understands that a good education begins at home. That is why we are backing schoolkids bonus, with an increase in payments for 1.5 million families. All families who are eligible for family tax benefit A will benefit from this measure. That is of course additional support of up to $600 a year. That is on top of the Household Assistance Package and a new supplementary allowance, which will also be available to boost family budgets.

Labor are not just about supporting parents; we are also about supporting teachers, carers and of course schools. Over the next four years this government will be investing a record $22.3 billion in early childhood education, more than tripling the investment made in the last four years of the Howard government. We have also doubled the amount of funding for school education, with an investment of $65 billion over the current funding period. This is real investment—(Time expired)

Economy

Senator JOYCE (Queensland—Leader of The Nationals in the Senate) (14:43): My question is to the Minister representing the Treasurer, Senator Wong. I refer the minister to her comments made on CNBC Asia yesterday in relation to the government's decision to lift Australia's debt limit to a record $300 billion. I quote:

In terms of the debt cap … we in the Budget are anticipating that we will stay below the current legislative debt cap at the end of each of the financial years. There is, however, potential for significant variability, significant variation and fluctuation within the year. That means there’s temporary spikes and dips above and below that debt cap …

If the government is confident that its gross debt will be below $250 billion at the end of each financial year, what is the government's estimate of the outstanding face value of its bonds on 30 June 2014?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:43): First, I stand by my comments to CNBC. It is the same explanation that, I think, I gave in this place and which is in the budget papers and which we have made clear. In terms of the issue that the senator raises, he would be aware that the borrowing limit—and I think he is aware of this because of the way he phrased the question—applies to the face value of bonds on issue. Obviously accounting standards require that the government reflect the current market
value. The borrowing limit applies to the face value of bonds on issue.

Honourable senators interjecting—

The PRESIDENT: Order! Senators having a conversation across the chamber does not assist question time at all. The minister has the call.

Senator WONG: The accounting standards applicable on the budget papers require us to reflect the current market value of bonds on issue. Obviously, the market value reflects current bond prices in the secondary markets. Currently, the yields on our bonds are at 60-year lows because global investors obviously have an appetite to invest in bonds as a safe haven instrument.

Senator Joyce: Mr President, my point of order goes to relevance. I appreciate the lecture in accountancy standards—but I am kind of across them. We want to know what the outstanding face value of bonds will be on 30 June 2014.

The PRESIDENT: There is no point of order. The minister is answering the question. The minister has the call.

Senator WONG: Very simply, the government budget discloses the market value of the bonds.

Senator Joyce: Mr President, is that her answer? There is an actual answer.

The PRESIDENT: Senator Joyce, this is not a debating time. The minister has given the answer and it is your chance now to ask a supplementary. Reset the clock, please, Clerk.

Senator JOYCE (Queensland—Leader of The Nationals in the Senate) (14:46): Thank you very much, Mr President. It is about 249, but she does not seem to know the answer. I ask a supplementary question. I refer the minister to the amendment that her government made in 2008 to section 5 of the Commonwealth Inscribed Stock Act, which allowed the government to borrow to finance within-year deficits outside the legislative debt limit.

Senator Conroy: You're a genius.

Senator JOYCE: If the government will only breach the current $250 billion debt limit for temporary periods within a year, why doesn't the government rely on existing provisions which it introduced—

Senator Conroy interjecting—

The PRESIDENT: Order! Senator Conroy, I need to hear the question.

Senator Conroy: You don't really!

The PRESIDENT: I do.

Senator Conroy interjecting—

The PRESIDENT: Order, Senator Conroy!

Senator JOYCE: Do I start again?

The PRESIDENT: No. Continue.

Senator JOYCE: existing provisions which it introduced to make these borrowings instead of increasing Australia’s debt limit to a record $300 billion?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:47): Here we have Senator Joyce coming into this chamber saying he knows better than the Australian Office of Financial Management. He has this tricky little thing he wants us to do and the government of Australia should accept his accounting advice and his advice about how to handle the Commonwealth bond market rather than the advice of the Australian Office of Financial Management. It is not surprising they got you to ask the question!

Senator Ian Macdonald interjecting—

The PRESIDENT: No, Senator Joyce was on his feet before you, Senator Macdonald.

Honourable senators interjecting—
Senator Joyce: The next budget nightmare: NBN.

The PRESIDENT: Wait a minute, Senator Joyce, you have not been given the call. When the chamber is quiet, Senator Joyce now has the call.

Senator Joyce: Mr President, my point of order is on relevance. We are asking a question about section 5 of the Commonwealth Inscribed Stock Act. She is either aware of how it works or unaware of how it works. If she is unaware, she just sits down. If she is aware of how it works, she would realise—

The PRESIDENT: Order! You need to refer to people by their correct title.

Senator Joyce: Minister Wong.

The PRESIDENT: Yes. Keep going. Is that it?

Senator Joyce interjecting—

The PRESIDENT: There is no point of order. The minister has the call.

Senator Wong: What is being asserted and it is—

Senator Cameron: Did you get an explanation why Tony sacked you?

The PRESIDENT: Order, Senator Cameron!

Senator Heffernan interjecting—

The PRESIDENT: Order, Senator Heffernan! Senator Wong has the call.

Senator Wong: Insofar as I can understand what Senator Joyce is saying, I believe he is asserting that the government should do something other than what has been advised by the Australian Office of Financial Management when it comes to the government securities market. I think that is what he is suggesting. My answer to him remains that if it comes to a choice between taking his advice about how to handle the government bond market and the advice of the Australian Office of Financial Management, it is unsurprising who the government would choose.

Senator Joyce (Queensland—Leader of The Nationals in the Senate) (14:49): The minister has been unable to answer question 1 of—

The PRESIDENT: It is not a debating time; it is time to ask the question.

Senator Joyce: It is not even a question time when she cannot answer them.

The PRESIDENT: Senator, you have the chance to ask the question. If you want to ask the question, ask the question. It is not debating time.

Honourable senators interjecting—

The PRESIDENT: Order, on both sides!

Senator Joyce: She says more sitting down than standing up. You are just incompetent. That is the problem.

The PRESIDENT: When there is silence, Senator Joyce, you will get the call. Senator Joyce.

Senator Joyce: I ask a further supplementary question. Why does the government need a $50 billion buffer zone if it only expects debt to go above $250 billion for temporary periods and you have the temporary revenue deficits act to deal with it in those periods?

Honourable senators interjecting—

The PRESIDENT: When there is silence on both sides, we will proceed. I remind honourable senators that the time to debate these issues is after question time. The minister has call.

Senator Wong (South Australia—Minister for Finance and Deregulation) (14:50): The Australian Office of Financial Management has given the government clear advice about what is the prudent option and
the government has taken that advice and acted on it.

Opposition senators interjecting—

The PRESIDENT: Order! I am waiting to call Senator Xenophon. He is entitled to be heard in silence. Senator Xenophon has the call.

Aviation

Senator XENOPHON (South Australia) (14:51): My question is to Senator Lundy, representing the Minister for Immigration and Citizenship. Just over three months ago, on 8 February, I asked questions relating to the visa arrangements for overseas based cabin crew operating on domestic legs of so-called international tag flights operated by Australian airlines. At the time, Minister Ludwig said he would seek further information from Minister Bowen on whether the Qantas Group was meeting its obligations under the Migration Act in respect of the issue with Jetstar and overseas based crew. Can the minister provide the information that has been sought from Minister Bowen some three months ago?

Senator LUNDY (Australian Capital Territory—Minister Assisting for Industry and Innovation, Minister for Multicultural Affairs and Minister for Sport) (14:52): Thank you, Senator Xenophon, for your question. The Minister for Immigration and Citizenship has advised that the government has long-standing facilitative immigration arrangements for international airline crew entering and departing Australia. The relevant legislative provisions have been in place in their present form since 1 September 1994.

Airline crew members are taken to hold a special purpose visa for 30 days after they disembark from the aircraft on which they travelled to Australia, provided they hold a passport that is in force and an airline identity card. Airline crew members are not permitted to work in Australia other than the work of a kind they normally perform in the course of their duties as an airline crew member. These provisions are supported by the crew travel authority, which enables airlines to register crew with the department in advance and facilitates their processing through our systems at both check-in and on arrival in and departure from Australia. This arrangement can only be used by foreign crew entering Australia as employees engaged in international air travel either as positioning crew or as operational crew.

Special purpose visa provisions were not designed for foreign airline crew to perform identifiably separate tasks from their international airline crew work in Australia. Specifically, it is not appropriate for foreign airline crew to operate in Australia on domestic sectors which have no reasonable connection to an international service. Any work performed in relation to a domestic leg of an international flight should be incidental to, and in no way separate from, the international sector.

The Department of Immigration and Citizenship has clarified this expectation with the Qantas Group in a letter of 2 April 2012 and will also be communicating with industry more broadly. It may be appropriate to consider monitoring arrangements with airlines to ensure this expectation is met. It is anticipated that these matters will be further considered at a meeting between the department and Qantas that will be occurring shortly. (Time expired)

Senator XENOPHON (South Australia) (14:54): Mr President, I have a supplementary question. I thank the minister for her answer. If there is a flight between Melbourne and Sydney that is tagged as an international flight but the majority of passengers are domestic passengers and they do not have to clear customs, is that
something that the department would be concerned about?

Senator Lundy (Australian Capital Territory—Minister Assisting for Industry and Innovation, Minister for Multicultural Affairs and Minister for Sport) (14:54): I refer Senator Xenophon to the comprehensive answer I have given. Perhaps I can further advise that discussions are already taking place about a regime of voluntary reporting to the Department of Immigration and Citizenship. Jetstar has already advised the department that since February it has placed limitations on the number of contiguous sectors on which cabin crew can work and the numbers of hours that they can work on tagged flights. It is also open to the Department of Immigration and Citizenship to consider regulatory changes as appropriate. Any such consideration would need to carefully balance domestic considerations against international commitments and reciprocity.

I reiterate that the special purpose visa provisions were not designed to allow foreign airline crew to perform identifiably separate tasks from their international airline crew work in Australia because such use would run counter to the intended purpose of those SPV arrangements.

Senator Xenophon (South Australia) (14:55): Mr President, I ask a further supplementary question. Finally, the government has previously expressed concerns about the poor working conditions for overseas based cabin crews in this situation being on effectively domestic flights. When and how will the government act in relation to these concerns and will the government look behind some of these arrangements to see if it is a genuine international flight or, effectively, a domestic flight tagged as an international flight?

Senator Lundy (Australian Capital Territory—Minister Assisting for Industry and Innovation, Minister for Multicultural Affairs and Minister for Sport) (14:56): I can reiterate that the department is open to consider regulatory changes if they are needed. Specifically, SPVs do not allow foreign airline crew to operate in Australia on domestic sectors which have no reasonable connection to an international service. As such, any foreign crew coming to Australia to specifically work on domestic flights would need to hold another appropriate visa, with a subclass 457 visa generally the most appropriate option. That is probably all the information I am able to give you today, Senator Xenophon, but I thank you for your question.

National Disability Insurance Scheme

Senator Fifield (Victoria—Manager of Opposition Business in the Senate) (14:57): My question is to the Minister representing the Minister for Disability Reform, Senator Evans. Why has the government allocated $1 billion for a National Disability Insurance Scheme over the next four years when the Productivity Commission recommended $4 billion?

Senator Chris Evans (Western Australia—Minister for Tertiary Education, Skills, Science and Research and Leader of the Government in the Senate) (14:57): I understand the question to be: why did we not spend more money on the disability reform?

Senator Kim Carr interjecting—

Senator Conroy interjecting—

Senator Chris Evans: Given, again, the Howard government's record on this, it is a bit rich. I am very pleased to say that the budget included a strong commitment to the new National Disability Insurance Scheme, that we made a decision to bring forward the commencement of that scheme by a year,
that the government allocated a very substantial investment in the commencement of that program.

_Government senators interjecting_

**Senator CHRIS EVANS:** It has been very well received by the disability sector and the community more broadly. It has been recognised that the government has made a very serious attempt to deal with this long-standing neglect in the Australian community and the absence of appropriate support for people with a disability and their families and carers. We were hoping to have a bipartisan approach to this—

_Government senators interjecting_

**The PRESIDENT:** Order! Just wait a minute, Senator Evans. I am endeavouring to listen to your answer but there are people distracting on my right. Senator Evans, continue.

**Senator CHRIS EVANS:** It is the case that it always falls to Labor to do the big social reforms and, just like we did with Medicare, this government is absolutely committed to driving the NDIS—

**Senator Fifield:** Mr President, I rise on a point of order going to relevance. My question to the minister was: why, when the Productivity Commission recommended an allocation of $4 billion over the next four years, has the government committed $1 billion? The minister has not come close to answering that question.

_Government senators interjecting_

**The PRESIDENT:** Order! There is no point of order at this stage. The minister still has 32 seconds. I am listening, when I am given the opportunity, as closely to the answer as I can—with the interference that is coming from certain people on my right, which is not appreciated.

**Senator CHRIS EVANS:** I do not think anyone other than Senator Fifield has not acknowledged the serious commitment to reform the government has made to reform in this area. One billion dollars in this budget, at a time of a tight economic situation, is a very major achievement by the minister to make sure this is a priority for the government. And I point out that we have not followed exactly the Productivity Commission recommendations; one of the things we have done is bring it forward. We have actually begun the scheme a year early—(_Time expired_)

**Senator FIFIELD** (Victoria—Manager of Opposition Business in the Senate) (15:00): Mr President, I ask a supplementary question. How does the government intend to reach the Productivity Commission's goal of a NDIS that will cover 400,000 people by 2018-19 when it has only allocated funding for 20,000 people up to 2015-16?

**Senator CHRIS EVANS** (Western Australia—Minister for Tertiary Education, Skills, Science and Research and Leader of the Government in the Senate) (15:01): As I have indicated, the government has made a very significant start in implementing the Productivity Commission's broad report arguing for a National Disability Insurance Scheme. We put $1 billion into the budget—this is a huge commitment—and we have laid out a road map for the way forward.

I point out to Senator Fifield that, as I understand it, the Liberal Party's position is to set up a committee to look at this issue. But, if they are serious about it, no doubt we will see in the budget reply speech tonight a $4 billion commitment. No doubt tonight, in the budget reply, we will see the commitment from the Liberal Party to fully fund the recommendations of the Productivity Commission. Senator Fifield, I look forward to that commitment in the budget reply speech, and I look forward to
Senator FIFIELD (Victoria—Manager of Opposition Business in the Senate) (15:02): Mr President, I ask a further supplementary question. Aren't Australians with disability and their families entitled to feel short changed by a Prime Minister who talked big about a NDIS but has allocated only a fraction of the money recommended by the Productivity Commission? Isn't it true that the government's annual $8 billion debt interest bill is compromising its capacity to honour its pledge?

Senator CHRIS EVANS (Western Australia—Minister for Tertiary Education, Skills, Science and Research and Leader of the Government in the Senate) (15:02): It disappoints me that the Liberal Party want to play politics with this, but I will remind them that, in 12 years of government, they did nothing for people with disabilities—nothing! And they will do nothing tonight in the budget reply, I am sure. But, if there is $4 billion allocated, that will add to the $70 billion black hole they already have. People with a disability know the Liberal Party will do nothing to support this scheme; they also know that, to fund the $70 billion black hole that the Liberal Party has in its costings, it will have to cut health, it will have to cut education and it will have to cut support for people with disabilities. They know what your priorities are. They know that, without the mining tax and the other savings you will have to make, that sort of support will never come under a Liberal Party government. We have made a strong commitment, and the people I talk to are very grateful for that.

An opposition senator: You can stop it there, Chris.

Senator CHRIS EVANS: Mr President, I can either allow another Dorothy Dixer from Senator Ludwig or I can ask that further questions be taken on notice: I am open to the view of the chamber.

Opposition senators interjecting—

Senator CHRIS EVANS: Mr President, I ask that further questions be placed on the Notice Paper!

PARLIAMENTARY OFFICE HOLDERS

Deputy Opposition Whip

Senator KROGER (Victoria—Chief Opposition Whip in the Senate) (15:05): Mr Deputy President, I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator KROGER: Thank you, Mr Deputy President. I advise the chamber that Senator Chris Back has been elected to the position of Deputy Opposition Whip from Tuesday, 8 May 2012.

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

National Disability Insurance Scheme

Senator FIFIELD (Victoria—Manager of Opposition Business in the Senate) (15:05): I move:

That the Senate take note of the answers given by the Minister for Tertiary Education, Skills, Science and Research (Senator Evans) to questions without notice asked by Senators Payne and Fifield today relating to the 2012-13 Budget.

It is genuinely with a heavy heart that I rise to take note of the answers given by Senator Evans. I think colleagues in the chamber will know that I have, as far as possible, in the disabilities portfolio, sought to bring a non-partisan approach, for the simple reason that people with disabilities are not interested in petty point-scoring; they just want the system fixed.

The Productivity Commission did some very good work in analysing what would be
required to meet the unmet needs for Australians with disability, and the concept of the National Disability Insurance Scheme is what they came forth with. It is something that has been embraced by all political parties in this place. The Prime Minister has, over not just recent weeks but many months—indeed, particularly during the leadership ructions on the other side—spoken a great deal about the importance of and need for a National Disability Insurance Scheme. Those who listened the Prime Minister's words could have been forgiven for taking the impression that the Prime Minister had in fact fully committed to a national disability insurance scheme. In this portfolio I have endeavoured to give the government the benefit of the doubt.

The reason for my question to Senator Evans was to inquire as to why the timetable announced by the government, and the funding profile announced by the government in the budget, differed from that of the Productivity Commission. I thought that was a reasonable question to ask. I did not see it as a partisan question or a political one. It is a question that is being asked in the sector and in the community, and there was no answer forthcoming.

A few weeks ago the Leader of the Opposition and I held a joint press conference where we said that we expected there to be money in the budget for a national disability insurance scheme and, if there was, we would support it. We went further, though, and said that a national disability insurance scheme should be above partisan politics. The Leader of the Opposition and I proposed a mechanism to ensure that a national disability insurance scheme was beyond politics. Senator Evans made reference to our only policy being a committee. He was misrepresenting our commitment. We have proposed a bipartisan committee of the parliament to be co-chaired by the disabilities frontbenchers of both the government and the opposition. That committee would have the purpose of overseeing the implementation of a national disability insurance scheme, for the reason that, when you look at the Productivity Commission's time frame, the implementation of an NDIS will span many parliaments and several elections and, no doubt, maybe a change of government or two. We thought it important to propose a mechanism that could ensure that all parties were locked in to supporting the delivery of an NDIS and, more than that, that there was a forum where questions about the implementation of an NDIS could be posed in a way that they would not be seen to be partisan or political and where legitimate questions that parliamentarians should ask could be asked in a forum where they would be seen for what they were: questions designed to help improve the implementation of an NDIS.

It is a matter of great regret that the Prime Minister has not accepted the offer of a joint parliamentary committee. It is an idea that has been very well received in the sector and that many families who have someone with a disability and many organisations that provide support in the disability sector would like to see. It is a matter of great regret that the government has not taken up the proposal of a non-partisan parliamentary committee to oversee the implementation and delivery of an NDIS.

I regret that Minister Evans did not provide an answer as to the government's thinking about the implementation and rollout of the National Disability Insurance Scheme. But we will continue to ask those questions, not in a spirit of partisanship, but because these are legitimate questions that people in the sector want asked and are entitled to have answers to.
Senator FEENEY (Victoria—Parliamentary Secretary for Defence) (15:10): I rise to take note of the answer of Senator Evans in response to questions from Senator Fifield. I guess that when this week started I was, as one can well imagine, interested to know whether the Liberal team in the Senate would be focusing on the budget, on the Speaker of the House of Representatives or perhaps focusing on the member for Dobell. Yes, there were plenty of political challenges for us to contemplate. But I have not been disappointed, because the Liberal Party have come into this place utterly focused on their mission, which was to have a fight amongst themselves over who could be the Opposition Whip. Once again the Liberal Party have completely missed the debates and opportunities of the week and have remained completely tied up in their own irrelevant and infantile fighting.

What we once referred to as 'Minchin's militia' appear to have now become 'Mitch's militia'.

The DEPUTY PRESIDENT: Order! Firstly, can you address remarks concerning Senator Fifield by using his name. Senator Fifield, I was going to ask Senator Feeney to come back to the matter before the chamber, but, as you are standing, do you have an additional point of order?

Senator FIFIELD: I was going to raise relevance on a point of order.

Senator FEENEY: This is the taking note debate, Mitch. Have a seat and argue it.

Senator Fifield: Traditionally there has been latitude given in taking note debates, but Senator Feeney is not straying even remotely close to discussing the government's position on an NDIS or on housing and homelessness. I ask you to draw him back to the answers Senator Evans provided.

Senator Wong: On the point of order, a habit is occurring on the opposition benches where every time a senator in the course of a debate might be critical of the opposition they jump up and take a point on relevance. It is taking sookiness to a new level. They like to dish it out but they cannot take it.

The DEPUTY PRESIDENT: Senator Feeney, you were given a bit of latitude to stray into the debate. You did not go anywhere near the matter and I remind the chamber that the question was very specific. Sometimes the questions are wide ranging; taking note of answers of all ministers on the day. Senator Fifield rose 'To take note of the answers given by Senator Evans to the question he asked'. We can have some latitude, Senator Feeney, but not that much latitude—and Senator Payne.

Senator FEENEY: I will bring myself to the question before us: the Liberal Party's commitment to the NDIS. It was only a very short time ago that the shadow Treasurer, the thinking man's Clive Palmer, was giving a speech in London. To impress his Conservative friends, safely, so he believed, beyond the realm of political scrutiny, he gave a hairy-chested speech about ending the culture of entitlement. To be fair to Senator Fifield, he has not come into this place talking about ending the culture of entitlement. He has instead come here and talked about setting up a committee. His are the tactics of delay and dissimulation. At least he has not had the viciousness of Hockey.

This boils down to the fact the Labor Party and the Labor government have managed a budget that has not only come back into surplus but, amongst its many reforms and achievements, has delivered action on the National Disability Insurance Scheme. This of course is a mighty achievement. It is a mighty achievement and
it is understood to be such by all of those in the sector. Of course, confronted with this mighty achievement, the opposition have constructed not a response but a fig leaf, a stratagem—and their stratagem is to have a committee, chairs, co-chairs and presidents and vice-presidents and convenors and co-convenors, and this grand group, spanning Mitch’s timeline of hundreds of years—

The DEPUTY PRESIDENT: Order!

Senator FEENEY: We have Senator Fifield’s 100-year plan for action on disability insurance, spanning many parliaments and many changes of government, covering the years and the aeons. His is a program which leaves Fabian gradualism looking like a revolutionary movement. No doubt the Liberal Party has sent Senator Fifield into this place to defend his fig leaf, because in the Liberal Party’s ERC there are challenges which are beyond human imagination. They have not only to meet the very real contest of a Labor budget in surplus but also they are increasingly under pressure to explain how their $70 billion black hole might be brought under some kind of rein. When they contemplate the challenge of their $70 billion black hole, I can just imagine the sympathy Senator Fifield will receive from his colleagues when he suggests that the coalition needs to match the Labor government’s action through the National Disability Insurance Scheme. My heart goes out to him—his task is nigh on impossible. Not only is their ERC populated by economically illiterate members of this place and elsewhere; there is poor old Senator Sinodinos trying to bring order to this madness, and Senator Fifield himself must now front up to the parliament with his own inspirational multiparty committee and generational change over the span of centuries.

This government is very proud of the fact that it has come up with a plan that is real, a plan that is embraced by the sector and a plan that means real reform—and it is a plan that is funded. It is a plan that does not involve a committee; it involves changing people’s lives. It is not a plan that involves bipartisan co-convenors; it is a plan that actually means people have real transformation in their challenges, their carers, their lives—

Senator Fifield: I’ll be circulating your speech, don’t worry about that—

Senator Payne: Are you talking to us about bipartisan co-convenors?

The DEPUTY PRESIDENT: Order!

Senator FEENEY: Mr Deputy President, I am being assailed here. You have to rescue me from these slings and arrows of outrageous fortune. I will struggle on as best I can. The simple fact of the matter is that the Liberal Party has come to this debate, to this policy contest— (Time expired)

Senator PAYNE (New South Wales) (15:17): I also rise to speak on the motion that the Senate take note of answers given to questions asked today by Senator Fifield and me. I am not quite sure where Planet Feeney is located, but it does not surprise me at all that Senator Feeney is unable to understand bipartisan co-convenors—after all, that would not quite work with the Victorian factional system of the ALP.

Senator Feeney: How is yours going?

Senator PAYNE: Mine is actually doing quite well, thanks. Minister Evans made the observation in his response to my question that everyone assumes that if there is not a new measure in a budget you are doing something wrong. I want to correct that misapprehension by Senator Evans. It is not just the budget that has persuaded us that this government is doing something wrong. Try
for example, as I said in my question, the fact that 2011 was the second straight year in which dwelling commencements fell in this country in four consecutive quarters. Even those opposite should be able to work out that that means eight consecutive quarters. We have a housing shortage currently at approximately 186,800, but that is set to go beyond 300,000 by 2014, and a government that apparently thinks the best way to deal with housing affordability is to rely on the Reserve Bank. So it is unsurprising that it is not just the budget that persuades us that there is something wrong but, more importantly, the government's approach on all of these issues.

This budget has done nothing to boost housing supply or housing affordability; it has done nothing to further reduce the risk or incidence of homelessness. You only have to read the minister's press release from budget night to persuade yourself of that. We have building activity down, we have rents that are rising faster than inflation and we have from this government no vision for the housing sector. If you throw into that mix the carbon tax, which is going to increase the cost of building an average home by at least $5,200 even after compensation, according to the Housing Industry Association's figures, it is no wonder that we and the sector and most of the participants in the sector are seriously concerned about the approach that this government is taking.

I will leave housing there for the moment because I do want to make some reference to the answer from the minister on the National Disability Insurance Scheme and the performance by Senator Feeney on that issue. This is one of the few policy proposals put forward by a pretty desperate government that has had bipartisan support, and I congratulate my colleague Senator Fifield for the work that he has done across the sector, across Australia, to engage with stakeholders and to work constructively on this issue and have some capacity to understand how important it is. Clearly, from the paltry offering of Senator Feeney, they over there do not understand this issue. Senator Feeney's dismissal of the idea that the matter is important enough for this parliament to have a jointly overseeing parliamentary committee, his wave of the hand and his suggestion that this was somehow a fanciful idea, is indicative of his contempt for the issue we have been discussing this afternoon following Minister Evans's answer on the National Disability Insurance Scheme.

It is what the government promised but has not delivered that should embarrass this government. I am not sure that I can understand the logic of them saying they have delivered 25 per cent of what the Productivity Commission recommended and brought it forward a year, so somehow that means they have done a good thing. The Productivity Commission's report on the National Disability Insurance Scheme was one of the most thorough and comprehensive approaches to this particularly important issue for Australians that could possibly have been taken. The government, by showing contempt for that report and that initiative, is selling itself and Australia's people with disabilities short. They have let down Australians with a disability, they have let down their families and they have let down their carers.

This will not address anywhere near the number of people the Productivity Commission proposed it should, which was 400,000 Australians. The government's announced scheme will only extend to 20,000 Australians. One hopes that there will be an explanation from the government—an adequate explanation as opposed to the inadequate one we were offered this afternoon—as to why they have taken this
approach. We hope that they will do the sector the courtesy it deserves by offering that explanation not just to the parliament but to them. Based on the budget figures, as Senator Fifield said, there is no way that full implementation of the scheme by 2018 will happen. (Time expired)

Senator POLLEY (Tasmania—Deputy Government Whip in the Senate) (15:22): I am a little disappointed but I am not surprised. Normally Senator Payne makes a reasonable contribution to this chamber, but to come in here and try to lecture this government about homelessness and housing and the cost of living is a bit rich. We cannot let those opposite get away with that without mentioning that they had 12 years in government and did nothing.

Homelessness was put on the agenda by the Labor government. If you are really concerned about the cost of living and the cost of housing, why did you, only this morning, vote against a measure which was going to support families in educating their kids? By voting against the schoolkids bonus not only yesterday in that other place but here in this chamber today, you again demonstrated your inconsistency and your lack of appreciation of how difficult it is for families out there to educate their kids and of how well received this bonus is going to be in the community. It is becoming part of everyday debate in this place—those from the other side coming in to lecture us about what we have not done. But they fail to acknowledge that for 12 years they were in government.

They lecture us about the disability sector. But throughout all the time I spent on the Senate Standing Committee on Community Affairs, throughout all the committee inquiries we had while those on the other side were in government—inquiries in which they participated—they were not prepared to make the tough decisions. We have made those decisions. We have embarked on a scheme which is going to address the needs of those in our community who have disabilities and the needs of their families. But we are not even sure, when push comes to shove, that Joe Hockey and those opposite are actually going to support this scheme.

We have already, in this budget, allocated $1 billion over the next four years to introduce this scheme. We are not going to rush in without consulting—we are going to make sure that the reform is going to address the areas of critical need. People with disabilities, their carers and their families have waited a long time, but at least we have taken the action. We have actually put it in our budget.

In talking about the budget, it is interesting to note the misinformation about what is or is not in the budget which is constantly circulated. I will just touch on one example because I think it is important to correct the record. Yesterday, the media were running with a story put out by those on the opposite side that we had failed to allocate money in the budget for the Freight Equalisation Scheme—totally untrue.

Senator Fifield: What has the Freight Equalisation Scheme got to do with the answers Senator Evans gave on the Disability Insurance Scheme and housing?

Senator POLLEY: It is important because we are talking about the budget, Senator Fifield. The budget is not just about the NDIS and it is not just about housing. It is interesting because you do not want to mention the credit that has been given to the budget from organisations like the Tasmanian Farmers and Graziers Association. Their chief executive, Jan Davis, said:

Additional funds for biosecurity and natural resource management activities were particularly welcome.
I know the Deputy President, coming from Tasmania, would appreciate that we do not always get the support of the TFGA. But, once again, that is not something that has been mentioned in this debate about the budget.

Another thing that Senator Parry, who now resides in Launceston, will appreciate is the money which has been allocated from this budget to the Launceston City Council to develop their strategy in all-encompassing transport and infrastructure planning for the future—

The DEPUTY PRESIDENT: Senator Polley, I will draw your attention to the question before the chamber at the moment.

Senator POLLEY: I think, Mr Deputy President, that when we are talking about the budget, there are a broad range of related issues—and, from listening to other contributions this afternoon, I think I am consistent with other speakers in traversing some of those issues.

But I am very happy to get back to the NDIS because it is, after all, something which is close to my heart, as it is for many in the Tasmanian community. As I said earlier, it is essential that we get the scheme right for people with disabilities, their families and their carers. The full scheme should be rolled out based on a properly tested design. The lessons we learn as we deliver this first stage will inform our conversations with the states and territories on the national rollout of a national disability insurance scheme.

We are actually putting the money in. We are proud, as a Labor government, that we have actioned this very crucial and important piece of reform. I am hoping that those opposite will stop playing politics with this, get behind the scheme and support it. (Time expired)

Senator IAN MACDONALD (Queensland) (15:28): Never has Senator Polley uttered a truer word than when she said that the Gillard government has put homelessness on the agenda. You can be assured that this budget, which taxes and taxes Australians and which sends Australian jobs overseas, means that people with mortgages will have their mortgages foreclosed upon—creating homelessness. Homelessness is something the Labor Party knows about because they create it. When this budget sends Australian jobs overseas, closes down coalmines, closes down the jobs of many Australians—and even the government in its shonky budget is forecasting an increase in unemployment—you can be assured that Australians will get to know about homelessness.

I now only have 55 seconds to speak in this debate. It is typical of the Labor Party—everything is guillotined. We had the fiasco this morning of the parliament spending hundreds of millions of dollars after only a couple of hours debate and no real consultation whatsoever. On this important subject of the National Disability Insurance Scheme, we are left with only a couple of minutes of debate because the Labor Party has again curtailed and guillotined proper debate in this chamber. All I can say on the matter of the insurance scheme is: if only the Labor Party would learn from Senator Fifield about how to introduce a scheme, rather than continuing with its program of lies, deceit and spin. (Time expired)

Question agreed to.

PARLIAMENTARY REPRESENTATION

Valedictory

Senator SHERRY (Tasmania) (15:30): I rise to give my last speech in the Senate. Firstly, thank you to the opposition and the crossbenchers for the indulgence. I also
express my condolences to the families of former Senator Judith Adams and former Deputy Prime Minister Lionel Bowen. My retirement from the Senate is effective from 1 June. Some are puzzled by the date, but I am going out in style: I am chair of the Senate Economics Legislation Committee for the last four days of May, hence the date of 1 June.

My reasons for retiring are an extension of the reasons I gave when I announced my retirement as a minister. Fundamentally, they are a combination of length of service—it will be 21 years, 11 months and one day, and 86 estimates hearings—age and having three young children. After reflection over these last few months, there are other challenges that I do want to carry out in my working life. I have spent two-thirds of my adult working life in this chamber; I want to spend, hopefully, at least another 10 years in other areas. As I also said when I announced my retirement as a minister, there is a time for renewal and, in most circumstances, I have come to the conclusion that renewal in the context of a new senator is appropriate: a new Labor senator for my great state of Tasmania. I also believe that if you have the opportunity to make the decision yourself—and so many of us in politics do not get to make the decision ourselves—it is best to take it.

I want to go through some thankyous and I am sorry I cannot mention everyone. I would like to start by thanking my staff for their dedication and support; you cannot do the job without good, effective and loyal staff: Sally, Renai, Kristy, Shane, Lynette, Peter, Adam, Krystian, Joe, Jody, Kerry, Joanne, Judith, Tim, Ben, Amy, Lorraine and there are of course some others. I did not have a high staff turnover, I might add; but you do employ a lot of staff in almost 22 years.

I thank you, Mr President, and all of our parliamentary, administrative and support staff, without whom we could not function, obviously. They are largely unseen but very critical to our effectiveness in this place and the general carrying-out of our work.

Thank you to all the many public servants. I defended them very vigorously when I was a minister and I pursued them very rigorously when I was in opposition in estimates, but I think always with respect and courtesy. There are many individuals and organisations in the business community, including the superannuation sector, and in community organisations and individuals with whom I have had good working relationships and friendships over a very long period of time.

I say thank you to my parliamentary colleagues. I have served with and under four prime ministers, and three opposition leaders who did not make it—an incredibly diverse group of individuals, if you think about it: everyone from Paul Keating through to Julia Gillard. There are a couple of parliamentarians I want to thank—and I am sorry I cannot mention more—particularly our leader, Chris Evans, and our former leader, John Faulkner. We have worked very closely and well together. There are also a couple of members of the House of Representatives I want to thank who have been longstanding and close personal friends, Sid Sidebottom and Dick Adams. I also want to thank all the very loyal Labor Party members who supported me through all those preselections and of course the electors of Tasmania.

I want to pay tribute to and remember my mum, Dorothy; my father, Ray; and my stepfather, Ken. To Sally: thank you for your loyalty and your support in often the most difficult of times. I thank my stepson, Adam, and my three wonderful children, Alexander,
Sasha and Miah. It is often pretty gruelling in this place, as we all know. When I ring them at the end of the day, it always brings me great happiness to talk to them, and on occasions when I feel a little bit subdued and down I look at a photo of them. They are a great inspiration to me personally and a great joy in my life.

Let me make some reflections. Firstly, it was an enormous privilege to be a minister and/or parliamentary secretary for seven years—that is a good innings, I think, by any standards—and about the same time as an opposition frontbencher. I have had a wide range of responsibilities, including primary industries. I was the first Minister for Superannuation and Corporate Law, as well as Minister for Small Business, Assistant Treasurer and Minister Assisting on Deregulation. It is an enormous privilege to be elected to this place but it is also a very, very great privilege to serve as a minister.

I want to make a few comments about the world we live in now and the impact on Australia. We are going through a period of extraordinary economic change, driven by the rapid evolution of technology as well as, of course, some of the issues around government debt and high levels of unemployment in some parts of the world. We now live in an international market economy, and I contrast today with the circumstances of the world 21 years ago, when I was elected. But this is a new world that we do need to embrace. We need to understand its consequences—not uncritically, but we should also not ignore the adverse consequences. To the extent that it is possible, because there are limitations, Australia needs to ensure that we uphold that ethic of a fair go and provide opportunities for all our citizens. Government needs to be vigilant and proactive. I have always considered myself a social democrat, never a socialist, I believe governments should not actually own and run distribution exchange in an economy. Market economies as we know them do have some drawbacks; we have seen them very starkly and clearly illustrated in recent times. Among almost every advanced economy in the world, with the exception of Australia, we are seeing massive upheaval—it is truly massive. We are seeing recessions, high unemployment, financial collapse and governments with debt levels greater than the value of their economies. This is causing enormous upheaval, which inevitably impacts on Australia. The mainstream parties of left and right—and again we have seen this in Europe—fundamentally have failed to deliver necessary reforms. The ones who suffer the most in these circumstances are the most vulnerable in our societies. That is why I have been a longstanding supporter of Labor and, I acknowledge, reforms. We should never be arrogant enough to assume in government that all good ideas rest on this side of the house. Australia by marked contrast has successfully carried out significant reforms which have meant we have avoided anywhere near the worst we are seeing in other advanced economies.

Fundamentally, this is being driven by ageing populations, fewer workers and unsustainable pension systems. As I have said, Australia is in marked contrast to this upheaval. It is often said that Australia is the lucky country—obviously a reference to the mining boom. I have long believed you make your own luck as a country and as an individual because luck is fundamentally based on the decisions you make. Shortly after coming into government in 2007, the government of which I was a minister was faced with the worst financial and economic circumstances in over 80 years. As an economic minister, and a member of the cabinet GFC subcommittee—global financial crisis, not Geelong Football Club, of which I
am a renowned supporter, although people often mix them up—I was part of a government that was required to make a range of interventions which I, as a minister, had never dreamed would be necessary. There were the economic stimulus and bank guarantees. In my own ministerial patch there was action on short selling, credit rating agencies and on issues relating to superannuation and investment schemes and a whole range of other interventions were necessary.

The economic stimulus, at the size and speed that was implemented in my view, and I passionately believe this today, was absolutely necessary. It saved Australia from a recession and the economy from falling off a cliff—which, indeed, people predicted at the time. They said the government could not prevent a recession in Australia. Hundreds of thousands of jobs were saved and thousands of businesses were saved from bankruptcy. Yes, some mistakes were made at the edges and they have been highlighted and well debated, but I would argue that in the circumstances and in the context of the time it was absolutely necessary. We may have seen Australia reach double-digit unemployment, but contrast that with today's figure of 4.9 per cent unemployment. It took courage, particularly for a new government, and it was the right call for Australia and I will continue to defend it passionately. If you look at the outcome and the evidence and, as I say, at today's unemployment figure, and at a whole range of other areas, you see that it was the right call.

Yes, government debt resulted. Government debt did occur as a consequence, but we would have had more government debt and all the other consequences without that stimulus. I am particularly proud of the way the Labor government, particularly being a new government, acted in those circumstances. No action or more limited action would have meant recession, a million unemployed and tens of thousands of businesses closed and, ironically, higher government debt. There was in my view a serious mistake made by Labor: it did not adjust the expectations of the community to the new reality in which we now live, particularly the fiscal reality.

I have mentioned pensions and in this context I would have to say something about superannuation. The one little remarked analysis is the critical role superannuation played in the financial crisis. While we saw all the undesirable impacts of short-term collapse of returns, which is bad for members, Australia, uniquely in the world, has an arms-length, diversified savings pool of some $1.3 trillion outside its banking system. Notwithstanding the strength of the banking system, this was a unique stabiliser which ensured a critical underpinning of Australia's economy at a very important time.

You know I have had an interest in superannuation. I have been involved in that a my parliamentary life and prior to that. I began my parliamentary life as chair of the Senate Select Committee on Superannuation, initially handling what is known as the compulsory nine per cent superannuation guarantee. It used to make me smile as a minister, because of the obvious enthusiasm of all the industry participants who would come up to me and say, 'This is a fantastic system, Nick. Gosh, we're glad a Labor government introduced it.' Of course, as chair of the Senate select committee I saw some of them turn up opposing it. They are all happy to endorse it now and indeed I acknowledge the bipartisanship of the
opposition in this regard. Of course, the arguments against the superannuation guarantee are very similar to the arguments opposing the mining and carbon taxes—the future will see.

Compulsory superannuation is about delivering higher retirement income over time, above the basic state pension, subject to the means test. It is about outcomes for members, having the highest return with an efficient system and lowest possible fees. It is not about the vested interest of the system's participants, as much as many of them are my friends and work associates. I commend to the chamber the reforms that will flow from the Cooper review—that is, better super and the associated FoFA changes. They will come to the Senate and greatly improve the system as a whole and—an issue I have spoken about often—will result in a solution to the number of lost accounts. We have 7.3 million lost accounts containing over $20 billion. That is an extraordinary inefficiency. I want to refer to a thankyou from someone opposite, Rod Kemp. Rod rang me yesterday and said, ‘Nick, are you really resigning because the budget is bringing back the super surcharge?’ For those of you who remember my vigorous pursuit of the super surcharge, amongst many other issues, I think you will appreciate Rod's sense of humour. My response was: 'Well, at least we call a tax a tax.'

My home state of Tasmania is a wonderful, wonderful place to live. It is a place of great beauty, but it is going through difficult times and I am concerned about the economic future. Its economy is small, regional and vulnerable. Its industries are based on tourism, forestry, agriculture, fishing and mining. I have long argued that a sustainable logging industry with value adding in some areas of native forest is a reasonable approach and I still hold that view. Over 40 per cent of Tasmania is in national parks and reserves and that is off limits other than to some longstanding, existing mining operations. There is currently an assessment process underway and if, as some would hope, it takes Tasmania to over 50 per cent of its surface area in reserves and national parks, that is a very significant shift and has significant economic implications for our economy. I believe it will not stop at trees. It is not just about trees; it is also about, in those areas in particular, restricting or removing mining, fishing and agriculture. Even starting a tourism venture in those areas is extraordinarily difficult. This has caused me deep concern over a long period of time. It is not just the economic impact that is important, but there is a series of economic and social consequences which will flow. If people think the current budget cutbacks in Tasmania are bad, wait until we see further budget cutbacks as a result of the shrinking of the Tasmanian economic base.

One of the fundamental duties and responsibilities of a Labor government, as I have said, is to deliver a strong economy and jobs. I believe, on any reasonable assessment, this government has done a good job and I am proud of it. It is not just those areas that are important. In the areas of social and environmental policy too we have seen significant progress—carbon pricing, dental, disability, fair work and the mining tax, to name just a few. On the evidence and the outcomes, this has been a good reforming government and I will continue to be an active supporter. That is why I am Labor. We have a strong economy, we have jobs—more than 750,000 new jobs with fair wages and conditions—and we have reforms in education and health that provide opportunity for all. Government cannot do everything, but it can provide fairness and opportunity for all.

To turn briefly to a more personal note—the issue of mental health and suicide. A
significant proportion of individuals in Australia experience depression during their working lives and, sadly, some take their lives. I want particularly to thank those who gave me support during a very difficult period of my life. Despite that experience, I do not consider myself an expert, because every individual is different. However, the much broader community debate that has occurred recently has increased understanding. Like physical illness, recovery is possible and return to normal work and social life is an outcome for many. I pay tribute to the range of medical practitioners, counsellors and community organisations who have assisted in this regard. In the political, but not being political, context I want to acknowledge the work individuals such as Andrew Robb, John Brogden and Jeff Kennett. There are of course many other public figures who have assisted in improving public understanding. Thank you, to you all.

As to the future, I look very much forward to that. I do not think it will surprise people that I have a few thoughts about my working life and it will I think be centred in the area of superannuation, retirement incomes and matters of that kind. I do not intend to become a political commentator, however. I think when you leave, you leave and it is best to put political commentary on the shelf and focus on some areas where people hopefully believe you have some expertise. I do want to say to you all that this is a tough, hard work environment. We all know that but it is usually little recognised. It is extraordinarily demanding on ourselves and our families, but regardless of the length of time we serve or the level of responsibility I also strongly believe that every one of us is motivated by the desire, whatever our differences, to make Australia a better place. I firmly believe Australia is the best place in the world to live, particularly in Tasmania. I say goodbye to you all and wish you all the best.

Senator CHRIS EVANS (Western Australia—Minister for Tertiary Education, Skills, Science and Research and Leader of the Government in the Senate) (15:50): I rise to make some remarks in response to Nick's final speech in the chamber. I think the speech highlighted what a loss he is going to be. It highlighted his strength and the contribution that he always makes to debates. I want to be clear, though: this is not a condolence. We do far too many of them in this place. In my view this is a very happy occasion because it is not often that we have members of this place go out on their own terms following a decision they have made while at the height of their career.

Nick resigned from the ministry late last year at his own initiative and has decided to leave the Senate to pursue a new career. I think it is a really happy occasion, because we see so few members of parliament go out in that way. Most are dragged out, defeated or stay far too long. Nick is an example of someone who has worked out that he has made a huge contribution and he needs to make a contribution in another field. Nick has had a fine Labor career. I was talking to him about it when he stepped down from the ministry. There are very few Labor members of parliament who can look back on a career where they have contributed so much, had such great experiences and been able to be a central part of political life in Australia. I do not want to run through Nick's career—it is well known to people—but when I came to this place Nick was Parliamentary Secretary to the Minister for Primary Industries and Energy and was given all sorts of tough jobs as a junior parliamentary secretary in the Keating government. He impressed me from the start with how diligent, competent, effective and energetic he was, and that was noticed by most people. As a result, Nick
held senior positions in the Labor Party in opposition and in government. He was Deputy Leader of the Opposition in the Senate for a period and held many portfolios in opposition and in government. But, always, Nick seemed to manage to find a way back to the finance areas and invariably to superannuation, both in opposition and in government. He was Assistant Treasurer, Minister for Small Business, Minister Assisting on Deregulation and also Minister Assisting on Deregulation and Public Sector Superannuation.

It is very rare to find someone in this parliament who is so closely associated with an issue. If you said to anyone out in the street 'Nick Sherry', they would say 'superannuation'. He has probably developed a reputation as Australia's leading expert in the field of superannuation and public policy—I am not sure about investment, but certainly public policy. It is a great credit to him that he has developed that reputation through using the opportunities in this parliament, both in opposition and in government, to pursue that interest and to contribute to the development of our superannuation system.

I remember in the early days Nick and John Watson going around the country as members of the superannuation committee. John Watson is another famous Tasmanian. Cheryl Kernot was a member of that committee at the start as well. Many of us served on it. In my view, it was the parliament's and the Senate's best committee, because it focused on public policy work three, four, five years out and was able to stay out of partisan politics and made a huge contribution to public policy. Nick made that contribution as part of that committee and continued it in government. I know that he will pursue those interests in the coming years.

Nick is still a young man. He is getting out at a time when he can pursue a new career and I know he is enthusiastic about doing that. I do not think he will have time to read more ancient history; I think he will be too busy. Some of the books he reads are quite remarkable. I am not sure whether anyone else in the parliament has borrowed them from him, but he has had a long interest in those things.

**Senator Abetz:** Bob Carr might.

**Senator CHRIS EVANS:** Yes, Bob might be able to take an interest, Nick, in some of the things that you have not been able to engage me in conversation about. As I say, it is a rather happy occasion that Nick has made the decision he has—not that we will not miss him and not that I have not relied on him enormously. He is a great team player and has been a great support to me in the Labor team. He is always someone you can turn to to do a job and you can rely on to do it really well.

He shows no greater commitment than as he leaves this place. Nick has agreed to chair a Senate estimates committee for us in a couple of weeks time as his parting contribution to the Senate. That is beyond the call of duty. I cannot name one other senator who would not have left the day before estimates started. To agree to a request and to honour a commitment to the whip to stay is, I think, a mark of the man. People outside would not understand what a sacrifice that is for the team, but those of us in here do understand. I think it is a mark of the man.

Nick, it is good to see many of your colleagues from the House of Representatives here; I am glad they could find the place! For some of you, I know it will be your first visit—probably your last. The fact that they are here reflects the esteem in which you are held. I was going to check
whether you are the last surviving parliamentary member of the centre left group in the ALP. I think you were down to a group of one, so it might be the end of the group. At a time when factions were more prominent in the Labor Party, Nick was part of that group. As I say, he may well be the last.

It is a reflection on how well he is regarded in Tasmania that, despite that group inside the party fading in influence, Nick continued to get preselected, often through quite arduous campaigns around the branches of Tasmania. He was always able to get preselected because of his contribution and standing with the branch members in Tasmania. I know he is well regarded in Tasmania. I have always known he is a Tasmanian first and a Labor Party member second—as seems to be the case with most Tasmanians. He has been a great representative of Tasmania.

Nick, from my point of view personally, I am sorry you are going, because I rely on you and you made a huge contribution to the Labor team and to this Labor government, but I am also really happy for you that you have decided to pursue a new career and that you are going out on your own terms at the top of your game. I can speak on behalf of all Labor senators in saying that we wish you the best and that we hope to see you. I can assure you there will be no questions asked about lost super accounts following your departure from the Senate. All the members of the tactics committee who have had to deal with that over the years will be mightily relieved. We probably should have let him ask a question about lost super today! It reflects his ongoing interest in superannuation and his expertise.

Nick, thank you very much for everything you have done. We wish you all the best. As I say, you have had a great Labor career and we look forward to your progress in your new endeavours.

Honourable senators: Hear, hear!

Senator ABETZ (Tasmania—Leader of the Opposition in the Senate) (15:58): The coalition and, if I might say, I personally wish Senator Sherry well for his future. He has been a worthy warrior for the Labor Party over many decades, but in particular the last two as a senator for that great state of Tasmania. I had the pleasure and privilege of meeting Senator Sherry at the University of Tasmania more decades ago than both Senator Sherry and I would care to remember—a time when he had very long hair and I had hair. Suffice to say he was a warrior then and continues to be. It seems that there was some unwritten and unspoken pact between us, because we never descended to referring to each other's escapades as young people at university and in student politics in the various debates. It seems as though there was a sort of a detente between us. Whilst you are now leaving, I can assure you, Senator Sherry, I will not seek to take advantage of that. The pact will remain.

Senator Sherry's debating skills and capacity at question time were exceptionally effective. So, if I can be brutally honest, from that perspective we will not miss Senator Sherry. But his work ethic was legendary, as was his committee work, which was always detailed and thorough. I note that your last work as a senator will be at estimates. In fact I had scribbled a note as well, Senator Evans, saying 'a display of duty well and truly beyond the call'. His work ethic also showed on matters of superannuation, where he was clearly Labor's expert in the area, rivalled only by our own Senator John Watson in expertise. Witnessing a debate between Senators Sherry and Watson
was to witness a truly informed debate which, I confess, left me none the wiser nor better informed before, during or after the debate.

His first speech tells us of his rich Labor heritage from both his mother's side and father's side and of being steeped in the ideology of Labor, which in turn made him the formidable trade union leader and then parliamentarian that he became. His commitment to Tasmania was beyond doubt, as was displayed by his comments in relation to ongoing lockups of Tasmania's land mass.

Senator Sherry's recovery and recuperation from his personal crisis whilst a senator was and still serves as an inspiration to many who deal with issues of depression. Today is a day for Labor to honour a veteran and a true stalwart of their side of politics, so I suspect that Labor people and Labor supporters will not necessarily want to see this part of Hansard being despoiled with a lengthy coalition contribution. In short, whilst disagreeing with an opponent on virtually all issues of public policy—except, of course, matters Tasmanian and AFL football—one can still respect that person's capacity, work ethic and commitment. The coalition respects and recognises those qualities in Senator Sherry and we wish him well.

Senator MILNE (Tasmania—Leader of the Australian Greens) (16:03): I rise this afternoon on behalf of the Australian Greens to wish you all the best, Senator Sherry, for your future. I have had the privilege of being part of the Tasmanian team in the Senate for a very long time and I recognise that Nick is leaving on what is effectively his 21st birthday in this place. As with everyone who achieves their 21st birthday, what they aim to do is get the keys to the door, and that is what Nick is doing right now—getting the keys to the door after having spent a good many years here in the national interest. He is now able to take the benefit of that experience in the national interest to whatever career he now pursues. But, as Senator Evans has suggested, I doubt that it can be anything other than in the area of superannuation because that has become such a personal passion for him.

I want to put on the record the fact that he was Australia's first ever minister for superannuation. He took that issue from where it once was—hardly anyone ever talked about superannuation or thought about the retirement years—to being a matter of great concern to a lot of people. Again as Senator Evans mentioned, Senator Sherry has always spoken of the need to lower fees in the superannuation industry and to provide better retirement incomes for people. That is the basis of what he has argued for so long, and it led to the Cooper review. I do not think people are aware that that drove the Cooper review, the first ever systemic, in-depth review of the operation, efficiency and performance of Australia's compulsory $1 trillion superannuation system. That review, released in 2010, was very important. I have to say the Greens look forward to working with the Gillard government to improve the superannuation system in the future on the back of the work that you have done getting it to where it is, holding a national conversation and moving to make sure that it is fairer and delivers in the best way possible for people. No doubt there will be an opportunity to work with you wherever you go in this field, because it is something the parliament will be trying to work through in the future.

In terms of his representation of Tasmania, Nick is very well known around the state but particularly in the north-west of the state, where he has represented people with a genuine sense of engagement with the issues they have, trying to deal with those
issues at a constituent level and through the parliament. Of course, before going into the superannuation field he worked on a lot of rural and regional issues and still does in his capacity representing Tasmania in the Senate.

I wish him all the best. I note that he talked about his family and his children as being the joy of his life. One of the great things about getting the key to the door out of the Senate is that he will be able to spend an awful lot more time with the people who give him so much joy in his life. I wish you all the best in that. I look forward to continuing to engage with you and I acknowledge the many years you have contributed to the public interest in the service of the nation.

Senator XENOPHON (South Australia) (16:06): I too join in paying tribute to Senator Sherry for his tremendous public service. He has been a good minister to deal with. I know I have frustrated him at times, when my vote counted, but he was very good to deal with. He is a highly competent parliamentarian and a very good minister, and his contribution to public debate and policy reform in relation to superannuation should not be underestimated. I think we have lost a significant talent, particularly in relation to the whole issue of superannuation.

I want to take issue, though, with Senator Evans, who said that lost super is something they will never have to ask about again. Before I came to this place I did a brief stint as a talkback host on Adelaide radio.

Senator Sherry: I would be happy to.

Senator XENOPHON: He is happy to take my call. That is what I would expect of him. To a genuinely good bloke, an outstanding member of parliament and a very good minister: I wish you all the best.

Senator POLLEY (Tasmania—Deputy Government Whip in the Senate) (16:08): It gives me a great deal of pleasure to be here in the chamber and to be able to pay my respects to Nick Sherry. I have known Nick a long time, and I never thought I would be in the chamber with him, let alone be here to farewell him.

Nick comes from a political family, as you would all know. His father, Ray, was the federal House of Representatives member for Franklin from 1969 to 1975. So Nick, probably a little bit like myself, could not really see any other option but to become politically active—and we are very grateful that he did. As Nick said, he attended the University of Tasmania and was involved in student unionism. I will just touch on some of his working life, because I think that helped shape who he became as a senator.
and as an effective contributor in this chamber.

He started his working life as a night cashier and auditor at the Wrest Point hotel and casino in Hobart. He went on to be the state secretary of the Federated Liquor and Allied Industries Employees Union of Australia between 1979 and 1990. While he was state secretary he helped establish the HOSTPLUS Superannuation Fund. So his interest in superannuation has been there for a long time. But I think people like myself will probably remember his contribution in other forms, such as taking away some of the superannuation benefits of those in this chamber.

Nick was elected in 1990. He has held a number of positions. He was Parliamentary Secretary to the Minister for Primary Industries and Energy between 1993 and 1996 and Deputy Leader of the Opposition in the Senate in 1996. It is hard to talk about this issue, but I think Nick has led the way in speaking so openly and publicly about his challenges with his clinical depression. From a personal point of view, I do not think I will ever forget the time Nick came to visit us during his recovery process, a time when he was trying to decide what was best for him and his family and what he should do—not only what was in his interest and his family's interest but what was in the party's interest. Nick has demonstrated enormous courage and determination and has demonstrated very clearly that we all have the capacity to rebuild our lives and to rebuild our careers. He has the utmost respect from me personally and, I know, from so many others as a result of what he has done and what he continues to do.

His contribution as far as superannuation and retirement income savings are concerned is legendary. He is so well known as the expert on superannuation. The only problem has always been, Nick, that when I have come to you seeking advice you have said, 'I'm not qualified to give any advice at all!' But I know you will continue with your passion.

Senator Brown asked me: 'Are you going to have some funny stories? Have you spoken to Michael?―my brother, Michael Polley. I thought that would probably not be a good idea, because I would be here for such a long time. I think those stories are probably better left to other forums.

**Senator Bilyk:** Inside the Labor Party!

**Senator POLLEY:** No, I do not think they all need to be kept inside the Labor Party, but I think there will be other places for them. And Nick would be very disappointed if he did not hear this from me: I am hoping we can benefit financially as a party from your departure when we get to say our farewell to you in Tasmania!

But it is so pleasing to be able to say just a few words. I hope I get the same opportunity to decide when I depart this place. Nick is known for being capable, he is known for being loyal, he has shown courage and determination, he has been a friend and he has been a mentor. I have seen the good side of Nick. I have seen his sense of humour. I have seen him be very, very charming—I think he will be well remembered for his charm. But, I have to say, he has also been very politically astute. As someone who originated in a different faction to Nick, I am not suffering any loss with the demise of the Centre Left—or, as I used to fondly refer to them, the soft marshmallows! I could recall, although I will not go into all the history, how their demise partly came about through the elevation of another Tasmanian to this place—a former senator. We will not go there at all, but the expression on Nick Sherry's face at that state conference with Michael Aird and Michael Field will always
be with me. I am not sure that it ultimately proved to be the best decision, though.

I would also like to make mention of what I believe has been one of Nick's strengths, and that is his capacity to debate, to articulate his viewpoint, to defend the government. I saw that when I came in as a member of the opposition. There is also his role in estimates. It concerns me that we do not have the skills that we need to develop our estimates process. We have lost so many good contributors—I have experienced Robert Ray, and we are lucky to have John Faulkner here. Nick, you certainly come to mind in that process. I have seen you operate in opposition but also when you appeared before the committee I chair, the Finance and Public Administration Legislation Committee. You may have frustrated those on the opposite side a lot, but as the chair I appreciated your contribution and respected and appreciated the way you defended the public servants—and you also made mention of that in your contribution.

Thank you on the behalf of the Tasmanian community. Thank you on behalf of the party that we love and you love very dearly—the Australian Labor Party. In saying farewell, apart from seeing that you were very happy when you made the decision to step out of the ministry—and you have been extremely happy since you made the decision to go—the only other time that I can recall seeing you as happy was when your first daughter was born, and now you have your daughter and your son—your twins. Their birth challenged both you and Sally, and our hearts went out to you then. Once again, you demonstrated how you can get over adversities that confront all of us at different times in our lives.

Enjoy your time with those beautiful children and with your stepson and his children, and make the most of every opportunity you have. I know, quite sincerely, that Nick Sherry not only talks the talk but actually lives the true values of what being a Labor Party person means. I wish you every success. Take care of yourself and remember we are only a phone call away. I hope you will still be at the end of the phone when we seek your advice and counsel. Thank you, Nick, and all the very best.

Senator CAROL BROWN (Tasmania—Deputy Government Whip in the Senate) (16:16): I also join with others to thank you, Nick, for your contribution and service as a senator to the state of Tasmania and to the Tasmanian branch of the Australian Labor Party. We have already heard from previous speakers that Nick has politics in his blood and as time is limited I do not have time to recount Nick's entire career, but I do want to touch on a few memories that I have of him. I first met Nick in 1983. I was a new member then and Nick was already well established within the ALP. Nick is known in Tasmania as a great campaigner and having a very astute political brain. His wisdom and nous for political strategy is well regarded. I think Nick's early success in politics as a member of the university SRC, State Secretary of the Liquor and Allied Trade Union and his entry into the Senate in his early 30s attests to that. His factional preselection battle I have been told was a lot closer in terms of the margin of his selection than it was when Nick was battling to take over the liquor union, when he was battling against conservative right-wing forces. Nick had a very good win. It was a long and protracted battle, I know, but he had a very big win. But in the centre-left at the time, I think the Senate preselection margin was the only margin you needed—that is, one vote. He certainly has not looked back since then. He has gone on to have a successful career in federal politics, including his appointment as
Australia's first ever minister for superannuation.

I have a long list of what I wanted to say but there are many others who want to speak. But I have to say that my understanding of Nick's team when he was contesting the leadership of the Liquor and Allied Trade Union was that it consisted mainly of women, reversing the previous gender imbalance that was the norm back then. Nick has continued his support of women into politics. He is well known as a huge supporter of former Senator Kay Denman and other female politicians back home in Tasmania. Look at what we have now: Senator Sherry and five strong Labor women senators from Tasmania. I know the Liberal Party are taking on board Nick's support of women and our side will hopefully follow as well.

I acknowledge your House of Representatives colleagues who came here today—Julie Collins, Dick Adams, Sid Sidebottom, Geoff Lyons and, of course, former Prime Minister Kevin Rudd, along with many others who came to show their respect for your career in the Senate and for what you have achieved as part of the government and as part of the ALP. In Nick's first speech he talked about why he was Labor and that he strongly adhered to the labour movement's determination to protect those in less fortunate economic circumstances in our society. Whilst it is fitting that today the Senate is celebrating Nick's parliamentary career, it comes after this government has delivered a budget that is Labor to its core.

I thank Nick and wish him all the best for his future endeavours. I also thank him for the fact that the senators' fund contribution will go down because Senator Sherry will no longer be feeding that legendary sweet tooth of his. I also remind him that, regardless of his long list of achievements in the ALP and in government, unfortunately, because he is such a young man life membership of the ALP is many, many years off.

Senator BILYK (Tasmania) (16:21): I also rise to speak, and it gives me great pleasure, to acknowledge Senator Nick Sherry's enormous contribution to the Senate, to the Australian Labor Party and to our nation. As has been mentioned, we are bit short of time, Nick, so I will be a lot shorter than I intended to be but no less sincere, mate, as you know. You and I have known each other a very long time. We have had some really good times together and we have been through some adversity separately but always supported each other. To me, that has always been really important.

There is no doubting that you made a substantial contribution to Australia through your Senate career. I consider your retirement to be a great loss to the parliament, to the Labor Party, as I said, and to the state of Tasmania, which all of the rest of the Tasmanian senators and members think is such a great place. I appreciate that you have been in politics for a long time and that you do think there is probably another life, and that you have earned the right to do something for yourself. If you accept the conjecture that years in politics are like dog years then, Nick, you have been here for over a century. That is just a little thought to go away with.

While you are stepping away from politics I hope that, whatever you choose to do, the Labor Party will still have the benefit of your counsel. Whatever you choose to do beyond your career in the Senate, I will know that you have so much to offer. I truly wish you well. I wish you well in spending more time with your beautiful three children who I have had a lot to do with over the time—Mia, Alex and Sasha are lovely kids, beautiful
kids. I know they are at the centre of your heart and I do wish you well in being able to spend more time with them. We all appreciate what people with children give up, as you mentioned.

You have been a great friend to me over many years—decades, in fact. You have been a wise counsel to me personally on many occasions and I thank you for that. We have had some good times and some laughs, but I do not think I will ever forgive you for the day I travelled up to the north-west coast to do some doorknocking with you. It was absolutely pouring buckets. I was there with an umbrella and a coat and a clipboard. We doorknocked Wivenhoe and I thought, 'I know I have come a long way and I am only here for one day but, really, if I get sick from this I will not be a happy woman.'

There is one, last really serious message I need to give you, Nick. It is something I have been nagging you about for many years. I am sure you know what it is: Nick, give up the cigarettes, mate. Give up the cigarettes. You are not doing anyone any favours, including your beautiful children. I did notice you did not cough through your farewell speech and I wondered if you had actually cut back a bit. I hope so but I do want you to give them up. As I said, enjoy your time with Mia, Alex and Sasha—beautiful children. There is no doubt that they deserve to have some time with you as well. All the best.

Senator SINGH (Tasmania) (16:25): I rise to offer my sincere best wishes to Senator Nick Sherry, also to thank him for his many years of service in this place and to Tasmanians and to Australia. Like many of us in the ALP, Nick realised as a young person working in an industry that was principally of low-paid workers without any of the economic power of the larger companies they were working for, in his case the Wrest Point Casino, that unions and collective bargaining were essential to getting a fair deal. It is perhaps best seen, Nick, from your time as a night cashier at the casino when you became acutely aware of the importance of having some kind of savings left behind. This very much led to your involvement as a minister in economic portfolios and also as a shadow minister involved in reforming superannuation.

I took the liberty of reaching back into the Hansard of the 1990s when Nick gave his first speech in this place. There are a number of striking features of that speech but, most significantly, Nick's thorough-going commitment to the protection of individuals from the overwhelming power imbalance present in the workplace. The one thing that struck me was that the speech was punctuated by an understanding of the significance of the economic growth of Asia. Nick was part of the Labor government of the 1990s guided by visionaries like Gareth Evans and one of Australia's greatest Prime Ministers, Paul Keating—a government that comprised men and women who knew how important it was for Australia to recognise and leverage the geographic realities of our nation. Nick contributed to that cultural shift just as he contributed to the important reforms to superannuation. Now, after years of neglect during the coalition government's term, Labor is leading the nation in coming to terms with the Asian century, about which Nick was speaking when he first addressed this place.

I first met Nick at a state conference when I joined the Labor Party in the 1990s. His intellect and sense of fairness struck me then as someone who belonged in the Labor Party. He is someone from whom I have sought advice on occasion and I have enjoyed his wit, his charm and his knowledge on all things financial and the like. Nick ends his parliamentary career after
so many years of service: service to the Australian Labor Party, to his Tasmanian neighbours and constituents, and to the nation, including future generations who will benefit from his knowledge, wisdom and dedication to reform. Thank you, Nick. We will miss you in this place but I have no doubt that your retirement from the Senate heralds an exciting new chapter in your life and one which I very much wish you all the best.

The PRESIDENT: I call Senator Faulkner. I have two speakers for two minutes.

Senator FAULKNER (New South Wales) (16:28): Nick, I pay tribute to you as a senator, parliamentary secretary, shadow minister, deputy leader of the Australian Labor Party in the Senate, minister and always a Labor loyalist. I will never forget working so closely with you in that period when you were deputy leader from 19 March 1996 to 7 October 1997, when we were Labor's Senate leadership team. These are not original words but let me say: it was the best of times; it was the worst of times. Thank you for your support. Thank you for your loyalty. Thank you for your contribution.

Senator COLBECK (Tasmania) (16:28): I would like to make a quick contribution to the debate and wish Nick all the very best. I shared one thing in particular with Nick—the Dash 8 from Devonport on Sunday evenings. That became associated as a time when Nick was crook and coughing, as Senator Bilyk has mentioned. I can recall very clearly one day, at the airport, this young boy screeching wildly—it was Alex. In a symptom of how we become associated with this business, the aeroplane meant dad was coming home. In fact, just last Sunday evening we were talking at the airport about how the kids were growing, and how wonderful they were—they are gorgeous kids—so you are making the right decision to spend that time with them.

I know there have been some highs and lows for you over your career, but I think the measure of a person is how someone gets up and goes on from that—and there is no question that you are an example in that respect. You did have some sincere lows. I remember when the twins were born, and how difficult that was; and there are other examples that have been mentioned today. So you do present a real example to all of us of how you get up from those difficult periods and get on with things and then make a successful reintroduction.

I commend you sincerely on your comments about our state, its financial circumstance now, the amount of it that is locked up and your passion to see a strong economy growing, and I urge you to continue to use your influence with your colleagues in respect of that.

I congratulate you on your contribution to your party, our state, our country and this chamber—particularly with respect to superannuation. I really do understand your reasons for going. Congratulations on your career, and I am sure I will see you at the airport!

MOTIONS

Budget

Senator CORMANN (Western Australia) (16:31): At the request of Senator Fifield, I move:

That the Senate notes the 2012-13 Federal Budget does nothing to strengthen the Australian economy in the face of storm clouds on the global horizon, as it:

(a) fails to cut spending;
(b) increases taxes;
(c) lifts the debt ceiling to $300 billion; and
(d) imposes the world's largest carbon tax.
Before I move into the debate, may I associate myself with the remarks by senators around the chamber wishing Senator Sherry well for his future. I am sure that, given his expertise in the areas of superannuation and retirement planning, he would have planned well for what lies ahead. May I also congratulate him for the enormous contribution that he has made to the public policy areas of financial services and superannuation in particular.

Every single year, as the Treasurer, Mr Swan, has been about to deliver a budget, he has made commentary in the media about what a budget it would be. There is one word that he has used to describe it—that word was word 'tough'. 'It will be a tough budget' he said of the 2008-09 budget, for 2009-10 and again for 2010-11—and he has said it now for 2012-13. Of course none of them, not a single Labor budget delivered by the current Treasurer, Mr Swan, has been a tough budget. They have all been typical Labor budgets, that is true—with excessive spending, massive new taxes and increased levels of debt and deficit. This is a government that inherited a very strong economic and fiscal position. This is a government that inherited a strong budget position: a budget with no government net debt, with a $22 billion surplus, with $60 billion in reserves in the Future Fund. And it is, of course, a government that, rather than having to pay interest to service the debt, was receiving interest payments. Not only was there no government net debt, the coalition had put successive surpluses into the Future Fund in order to make provision for the unfunded superannuation liability of the Public Service.

This budget really has been very disappointing, because we face significant economic storm clouds on the global horizon. The events in Europe this past weekend, which are likely to continue to develop in the weeks ahead, do raise a significant concern. Clearly, the global economy is in a pretty precarious situation right now and, because of the actions of the Labor government over the past 4½ years, Australia is in a weaker position to face those challenges than it should be. This government spends way too much money, way too quickly. Yes, we are in a stronger position compared with other parts of the world—of course, because we started out in a much stronger position. This government says, 'Look, our government net debt is expected to peak at 9.6 per cent of GDP, which is much less than in most other parts of the world.' That is true, but we started with zero per cent of government net debt! And when you start from zero per cent going into a crisis you are not going to be at the same level as those countries that started with 60, 70 or 80 per cent of government net debt as a percentage of their GDPs.

In this budget we have more wasteful spending, more new taxes, more debt—there has been a significant cooking of the books—and, yet again, the government wants to lift the debt ceiling. We just have to remember: this is now the third time the government has asked to lift the debt ceiling. Not so long ago the debt ceiling was $75 billion. The government said, 'Well, because of the global financial crisis we have to increase it to $200 billion.' Then in last year's budget the government said that it wanted to increase it to $250 billion. Now we are being asked to lift the debt ceiling yet again, to $300 billion. You have to wonder why a government that is promising surplus after surplus over the current forward estimates would want the parliament to give it another blank cheque, to increase the amount of money that this government can put on the nation's credit card to $300 billion. In talking to this motion I also want to deal with a particular myth that the Treasurer, Mr Swan,
has been perpetuating in recent times. This myth is that somehow the reason we have this massive deficit again this financial year, this $44.4 billion deficit this financial year, is that revenue has collapsed. Whenever the budget position deteriorates, rather than looking at what happened with excessive spending and rather than looking at how we can cut spending, show more restraint and live within our means, this government collectively throws its hands up in the air and says, 'Oh, revenue has collapsed.' That is not entirely true. I point you to the 2009-10 budget and what the government's expectations were then as to what would happen in 2011-12, because 2011-12 was at that time part of the budget forward estimates cycle. They thought the deficit this financial year would be $44.5 billion. Guess what! We were told in the budget on Tuesday that the deficit this financial year will be $44.4 billion. So, back in May 2009 the Treasurer was pretty close to the mark as to where we would end up.

The problem is that in the lead-up to the last election he wanted to create the illusion that somehow we were back on track on the path towards a surplus. He wanted people to believe that things were going to be better than he thought, back in May 2009, they would be. Of course, just before the election we were told in the updated economic and fiscal outlook and in the pre-election economic fiscal outlook that the deficit in 2011-12 would be $10.4 billion. So, instead of what we were told in May 2009, namely, that the deficit this financial year would be $44.5 billion, in order to make it look like significant progress had been made the Treasurer told the Australian people, 'Look at this; we are doing well. The deficit is not going to be $44.5 billion after all; it is going to be $10.4 billion, and in 2012-13 we are going to have a surplus.'

The important fact I want to point you to is the revenue and expense forecast given in the budget the Treasurer delivered in May 2009. In May 2009, Mr Swan, the Treasurer, told us that he expected revenue in 2011-12—this financial year—to be $310.2 billion. Guess how much the revenue actually is in 2011? I invite anyone to help the chamber out. I will tell you what it actually is—it is $330 billion. Revenue in this financial year is $20 billion higher than the Treasurer, Mr Swan, told the Australian people, back in May 2009, it would be. So, rather than have a deterioration in the revenue outlook, he has actually had a $20 billion windfall compared with what he thought just three years ago. He has actually had a significant improvement in the budget bottom line in terms of revenue estimates.

Revenue has gone up by $20 billion, but what happened to the expenses side? And remember, it was back in May 2009 that the Treasurer told us, 'Yes, the deficit in 2011-12—this financial year—would be $44.5 billion.' Guess what? Expenses then were expected to be $351.9 billion. So what has happened to the expenses side? You guessed it. The expenses also went up by $20 billion. The expenses went from $351.9 billion to about $371.3 billion. That is an increase in expenses of $20 billion in that period. If the government had truly shown restraint, if the government had stuck to the spending that it expected for 2011-12, back in the 2009-10 budget, we would actually be $20 billion better off this financial year. But of course the government did not do that. More money was coming in because of all of Labor's new and increased ad hoc tax grabs. You remember them all: the mining tax, the carbon tax, the flood tax—actually they have not collected the mining tax and the carbon tax yet, but there have been 20 or 21 new or increased Labor Party taxes, starting with the alcopops tax, the condensate tax, the increase
in the luxury car tax and a whole heap of other new taxes and revenue measures. But instead of using that money to balance the books to ensure they would get closer to a surplus more quickly, what did this Labor government do? They just spent it all.

This government has not only spent all of the additional revenue they did not expect back in 2009—the $20 billion of revenue they did not expect to have this financial year when they put the budget together in 2009—but now, with the mining tax and the carbon tax, when they announced these additional multibillion dollar tax grabs, they actually spent more than those taxes were expected to raise. When the government announced the MRRT, the cost of the measures and the promises that were attached to the mining tax were billions and billions of dollars greater than the government's expected revenue from that same tax, which is of course why in this budget the government has had to scrap many of the promises that were previously attached to the mining tax. They have scrapped the cut in the company tax rate, they have scrapped the early cut in the tax rate for small companies, they have scrapped the standard deduction for individuals' work related expenses and they have scrapped the 50 per cent discount on interest income. You name it.

We always said that the mining tax was a fiscal train wreck in the making. We pointed to the fact that only the Labor Party can come up with a multibillion dollar new tax that actually leaves the budget worse off. Only the Labor Party can do that. The Treasurer has ended up with a massive black hole in what he has delivered. That black hole is the $174 billion worth of accumulated deficits over his first four budgets. That is the true black hole—the actual black hole—that is here on the table. The Labor Party likes talking about this fictitious non-existent $70 billion that the coalition supposedly has. There is no such black hole on the coalition side. But the Treasurer, the Prime Minister and the Minister for Finance, Senator Wong, would, I am sure, have read Vladimir Lenin's advice that 'a lie told often enough becomes the truth'. That is a direct quote from Vladimir Lenin. The Labor Party think that, if they keep repeating this absolute lie about a $70 billion black hole, somehow it will become the truth. Well, it is not the truth. The only truth is the truth that is there for all of us to see in the budget papers, and that is $174 billion worth of accumulated deficits. The truth that is there for all of us to see in the budget papers is that government net debt was zero dollars and it is now heading towards $145 billion. That is what it is heading for now. The real black hole is that $145 billion on which this government now have to pay interest. Of course the interest that this government have to pay on the debt that they have accumulated since they became the government totals nearly $30 billion over the forward estimates—nearly $30 billion in interest payments to service the debt that this government have accumulated since they came to power. How many good things could we do with $30 billion if we did not have to spend it on servicing the debt that this bad Labor government have accumulated over the 4½ years they have been in government?

The Treasurer wants us to believe that everything is going to be different next year. We had a deficit in 2008-09, we had a deficit in 2009-10, we had a deficit in 2010-11 and we have a deficit in 2011-12. The deficit this financial year is $34 billion worse than we were told just before the election, yet somehow the government wants us to believe that next year, miraculously, nothing is going to happen to this $1.5 billion surplus. How are they achieving this surplus? They assume that revenue is going to
increase dramatically—revenue is going to go through the roof; we are going to have the largest increase in government revenue in the last 25 years. We are going to have an increase in government revenue of 11.8 per cent. According to Treasurer Swan, government revenue is going to go up by $39 billion. Instead of collecting $330 billion, as we are this year, somehow next year we are going to collect $369 billion. It is unbelievable—an 11.8 per cent increase in government revenue. Of course that is against a background of GDP growth, according to the government, of 3¼ per cent and a reduction in our terms of trade, according to the government, of 5.75 per cent.

The last time there was growth in revenue of more than 11 per cent was back in 1987-88. We will recall that the situation back in 1987-88 was that we had GDP growth of 5.6 per cent and we had an improvement in the terms of trade of about 8.7 per cent. That was the background against which we had a growth in revenue of more than 11 per cent. It is quite difficult to achieve a growth in revenue of 11 per cent. The Treasurer knows two things. He knows, firstly, that it is highly unlikely that he will ever have to be accountable for the delivery of the final budget outcome. After September 2013, given the current political trends, even he would accept that there is only a slim chance that he will have to defend the performance of the government against budget, so he is reasonably safe in putting wildly optimistic revenue assumptions into the budget. Secondly, even if the Treasurer is still the Treasurer in September 2013, do you know what he will do? He will bring out the trick that he comes out with every single time and say, 'Shock, horror—revenue has collapsed, revenue has fallen away; we thought that revenue would increase by 11.8 per cent—even though that was based on completely unrealistic expectations—and we thought that we were going to have a $39 billion increase in revenue from 2011-12 to 2012-13, but it did not happen. It is somebody else's fault: nothing to do with our massive increases in spending, nothing to do with our wasteful spending, nothing to do with the fact that we treat taxpayers' money with absolute contempt, nothing to do with the fact that we cannot wait to shuffle $500 million out the door before 30 June, in the next six weeks, by bringing spending forward from 2012-13 into this financial year.'

By the way, I make this point to the Treasurer: shifting expenditure from the next financial year into this financial year is not a spending cut next financial year—it is cooking the books. It is trying to create the illusion of a surplus in 2012-13 where there is none. If people in corporate Australia used the accounting standards that this Treasurer and this government live by, they would be locked up. People in corporate Australia would not be allowed to fiddle the accounts the way this Treasurer has been fiddling them in recent weeks.

In the middle of all this we have the carbon tax. 'Carbon tax' is a term that the Treasurer dare not speak. In his whole 11-page speech bringing down the budget he never really engaged with the issue that supposedly is this big achievement and this big policy challenge that this government has confronted, and that is the government's approach to climate change. I was interested to read in the Financial Review today that former Labor leader Mark Latham was similarly surprised that a government that is supposedly so proud of its achievement of imposing a carbon tax on the Australian people did not have more to say in the budget speech on why it is doing what it is doing with the carbon tax—a carbon tax which will push up the cost of everything,
which will make us less competitive internationally, which will make it even more expensive to do business in Australia, which will shift jobs and emissions overseas and which of course will do nothing for the environment although it will impose sacrifices on everyday Australians by pushing up their cost of electricity and their cost of living.

The reason the Treasurer did not say more about it is that increasingly people inside the Labor Party are embarrassed about what the government is doing; increasingly people inside the Labor Party understand that what they are doing is inappropriate, that they are going to hurt Australians through increased cost-of-living pressures without doing anything beneficial for the environment in return. Ministers in the Labor cabinet are briefing the media that they think they should scrap the carbon tax, we have had Kristina Keneally saying that we should scrap the carbon tax and we have backbenchers coming out and saying that too. When we are the government and we rescind the carbon tax, I am convinced that the Labor Party will sit side by side with us to make sure we get rid of this toxic tax.

Senator CAMERON (New South Wales) (16:52): I was really interested to hear Senator Cormann quote Lenin. What did he quote from Lenin? ‘A lie told often enough becomes truth.’ I thought he was talking about Tony Abbott, because the lies from the coalition about climate change, government debt and the global financial crisis are repeated time and time again in an attempt to try and make them truth. But they have failed.

If you want to quote Lenin, let me quote someone who did not achieve quite the international standing of Lenin—Robert Menzies. In a broadcast on 24 July 1942, when he was talking about his Liberal creed, Menzies said:

Nothing could be worse for democracy than to adopt the practice of permitting knowledge to be overthrown by ignorance.

Yet time and time again we see ignorance overthrowing knowledge on the opposite side. There are many in the coalition who understand the science of climate change, who understand the physics of climate change, but allow ignorance to overthrow both the science and the physics for short-term political advantage.

Menzies went on to say:

Fear can never be a proper or useful ingredient in those mutual relations of respect and good will which ought to exist between the elector and the elected.

We have just heard a breakdown in that goodwill from Senator Cormann. The appeal to fear in his speech is typical of the coalition. They run fear campaigns on the budget, on climate change and on the global financial crisis—they are just totally consumed with fear campaigns. They should listen to what their spiritual leader Robert Menzies said about fear never being a proper or useful ingredient in mutual relations.

Senator Humphries interjecting—

Senator CAMERON: As soon as you mention Robert Menzies and you start to identify what is supposedly the creed of the coalition, coalition senators get all antsy and uptight because they know exactly what Menzies was saying and they know that the Menzies creed is being destroyed, day in and day out, by the coalition under Tony Abbott. They know that there is no Liberal creed anymore. It is no wonder the coalition get all upset about being quoted the words of their spiritual leader—they are so far away from Robert Menzies, they are so far away from their spiritual leader, that they cannot sit quietly and listen to his words. They know
they have rejected the creed and philosophy of Robert Menzies.

In that July 1942 broadcast, Menzies went on to say:
And so, as we think about it we shall find more and more how disfiguring a thing fear is in our own political and social life.

We have just witnessed from Senator Cormann a supposed analysis of the Labor government's budget, an analysis based on fear. What else did Robert Menzies say back in 1942? He said:
A political party must never be a party which chronically says "No."

This is the man who established the philosophy of the Liberal Party and he says you should never chronically say no. What is Tony Abbott about now if not chronically saying no to every issue? Menzies continued:
If it never loses sight of its own ideas, it will be positive and creative.

Where are the positive aspects of the coalition? They are nowhere to be seen. Where is the creativity of the coalition? It is nowhere to be seen. The coalition is about fear and negativity. That is the creed of the coalition in this parliament—fear and negativity.

Robert Menzies went on to say:
In brief, Australian Liberalism must present itself as the party of action, and the party of the future. We are not the ANTI party, but the PRO party.
I cannot see what the Liberal party or the coalition stand for. I know what they are against. They are against pricing carbon—when they were for it under John Howard. They are against spending government money to keep people in jobs. They are the anti party, the party that Robert Menzies said they should not be. They should not be the party of fear, he said, but they have become the party which promulgates fear, day in and day out and in every speech. Senator Cormann's speech was typical of the fear campaigns being mounted by the coalition.

Listen to your spiritual leader. He was not that great but at least he had the right idea on some of these issues. You should not promulgate fear, you should not promulgate negativity—you should actually have ideas of your own. But you have lost that capacity under the leadership of Tony Abbott. And what is this motion, which I oppose, saying? It says there are 'storm clouds on the global horizon'. At last, the coalition have actually lifted up their eyes from their own bootlaces, looked around the world and decided there are problems in the global economy! They have actually done it. I was shocked when I read the resolution, because since 2008 they have been denying that there is a global financial crisis. I remember senators on the other side describing it as the 'North American crisis'—

**Senator Back:** North Atlantic.

**Senator CAMERON:** Go back and check Senator Bushby's statements on the record. So there was no global financial crisis according to them. When you look at their analysis—and I use the word loosely; I use the word 'loosely' about anything Senator Cormann says—you cannot find any talk of the global financial crisis. They say, 'We went from a surplus to deficit,' as if nothing had happened in the global economy, as if banks were not collapsing all around the world, as if governments were not propping up banks around the world, as if multimillions of workers were not losing their jobs around the world, as if industry had continued to invest as they had been investing prior to 2008, as if investment in the global economy had not dried up. In 2008 the Lehman Brothers and the global financial crisis were not in the lexicon of the coalition. They try and wipe it out, as if it had never happened.
That is why I was so surprised to see some recognition from the coalition that there was something happening globally and that there was a problem that governments around the world had to deal with. By the way, welcome to the real world; you have actually got there! There are problems out there, problems that governments all around the world have been trying to deal with and issues that you have been trying to pretend are not there.

Senator Fifield's motion says there are these 'storm clouds on the global horizon'. Well, big storm clouds have been around for a long time, and they are not on the horizon; they have been here since 2008. The Labor government have been dealing with them in a way that every other government around the world wishes they could have dealt with them—with speed, efficiency and effectiveness, and in a timely, targeted and temporary manner. That is what we did during the global financial crisis. And what did the coalition say at the time? They said, 'We should just wait and see.' And who were they echoing? They were echoing former US President Herbert Hoover, who basically said 'do nothing' on the advice of the Hayekian economists of the time. 'Do nothing. The market will fix this if you just let the market take the time to resolve this. Government should stay out of it and everything will be okay.' Everybody knows that was a nonsense. Everybody knows there had to be Keynesian stimulus to bring economies back to some kind of normality. Everybody knows that that was what had to happen. Yet the coalition were arguing that we should just 'wait and see' what happened. If we had waited to see what happened, 210,000 jobs would have been lost; communities, workers and families around this country would have been devastated; government debt would have been far greater than it is now; and this economy would have been struggling to recover. Instead, we are the envy of the world. We are an economy with a AAA rating, something the Howard government could never get across all of the rating agencies. We are a government that put in place, as I said, in a timely, targeted and temporary manner, initiatives to keep this country running.

Those opposite then go on to say, 'How dare you lift the debt ceiling to $300 billion?' I am always amused when Senator Joyce gets up to talk about debt, because he was the shadow finance minister who probably lasted the shortest period of any shadow finance minister in history. I am glad Senator Sinodinos nods and agrees with me.

Senator Sinodinos: No, I don't.

Senator CAMERON: I thought I had better have a look at what Senator Joyce was saying, because I am not an economist. I know Senator Joyce says he is an accountant—I would not trust him with the limited accounts I have!—while I am only a humble fitter and machinist. So I went back and had a look at this debt issue. The best advice I could get was from the Budget Policy Division of the Australian Treasury—not a bad place to go, Senator Sinodinos; what do you reckon? That is where you should go to get some advice. I know you were there during your time. I know John Howard went there. I do not think Peter Costello went there very often, because he was not very successful. They had an internal paper for discussion within the Treasury, and it says:

Understanding debt and its historical trends is important, as the level of debt provides one measure of the strength of public finances. Levels of public sector borrowing fluctuate in line with the economic cycle and the budget position. This paper briefly describes the various measures of debt and trends in government borrowing.

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CHAMBER
That is from the experts. This is the experts in Treasury talking about government debt. And what do we hear from Senator Joyce, the shortest lived shadow finance spokesman in the history of the coalition? He keeps talking about gross debt. So what do the experts say about gross debt? They say:

Gross debt represents a portion of the total liability a government owes to creditors.

It tells you what the main component is and says:

While the gross debt measure provides information on government finances, it is only a partial indicator.

You would agree, Senator Sinodinos, those are the facts—it is only a partial indicator. You could not argue against that.

Gross debt does not incorporate amounts that are owed to government by other parties. Also governments, like an individual or businesses, hold assets which can be sold to meet their financial obligations. To capture the asset side of the equation, net debt needs to be considered.

It goes on:

Net debt is the most commonly quoted and well-known measure of a government’s financial strength.

I never heard even Peter Costello, with all his failings, foibles and weakness, talk about gross debt. I never heard John Howard talk about gross debt. I heard them talk about net debt and net debt is what all economists look at; it is what the IMF looks at; it is what the OECD looks at. And the Treasury officials say:

Compared with gross debt, net debt is a better measure of a government’s overall indebtedness as it also captures the amount of debt owed to the government.

So when you see Senator Joyce stand up, you have to understand that he is an accountant—my view would be he is not a very good one. He is not an economist. You should rely on the experts. Then in the Treasury paper A history of public debt in Australia, by Katrina Di Marco, Mitchell Pirie and Wilson Au-Yeung—they are the ones who know what they are talking about, not Senator Joyce—they say:

The case of Japan most clearly illustrates how only considering gross debt can result in a skewed interpretation of government finances.

Skewed interpretations is what the coalition want the public to look at—not honesty but a skewed interpretation. They say that, if you looked at that, the gross debt measure for Japan is 173 per cent. They go on to say:

Canada, which has a comparable amount of gross debt to France, Germany and the US, has a significantly lower level of net debt—

So you cannot look at gross debt and Senator Joyce needs to understand this. We get told we should run the government like a business. We had better not run it like Fortescue Metals, like Twiggy Forrest, with a total debt of $5.997 billion and a total equity of $3.141 billion. What is the debt to equity ratio for Twiggy? It is 190 per cent. I know Senator Cormann is very close to Twiggy. I know Senator Cormann would do anything the mining industry tells him to do, but when he comes in here and lectures us about debt he should understand that the people he is arguing for have debt to equity ratios of 190-plus per cent. So do not lecture us about this.

Senator Sinodinos was a key government adviser. What did we end with after the period of the Howard government? We had a failure of investment in this country, with less than two-thirds of profits reinvested. We had a failure of innovation, with among the lowest R&D innovation in the world. We had productivity declining, at the bottom of the OECD. We had a failure of development. We had elaborately transformed manufactures diving. We had a failure of balance. The balance was all about putting in
Work Choices to try to crash workers down to increase productivity through lower wages; it does not work, Senator Sinodinos, and you were up there. And we had a failure of sustainability. Even though you were advising, and former Prime Minister John Howard was advised to do something about climate change, it never happened. The best we got was a $10 billion investment in the Murray and that was done without even going to cabinet—the ministers did not know anything about it. So do not lecture us about credibility. You have none.

Senator SINODINOS (New South Wales) (17:12): What do you say about a contribution like that except that it was relentless negativity? You accuse the opposition of negativity but we get relentless negativity from the government. Senator Cameron, my advice to you is to stick to fitting and turning. Senator Bob Carr, the Minister for Foreign Affairs, on Lateline talked about the 'nattering nabobs of negativity'. I think it was you he had in mind, Senator Cameron. I will come back to your contribution in a little while.

May I commend Senator Cormann on his remarks on this motion, because at the end of the budget week we have a chance to reflect on what we have seen and heard this whole week. I believe this budget will be remembered for being one with no coherent economic strategy, which fails to deliver economic growth or sustainable budget surpluses or to tackle debt in a sustainable way. This is a budget in which the Prime Minister is on her knees seeking forgiveness from the Australian people over compensation and to try to improve the compensation, she has had to break a series of other promises and reverse positions on a whole history of matters.

Labor has dumped its promised company tax cut. Remember how much the Prime Minister and the Treasurer, Wayne Swan, made of the importance of company tax cuts to improve our competitiveness in the region? They talked about the fact that our company tax rate was out of kilter with those of the region. Ken Henry produced a whole report in which he argued about the need to reduce company tax rates by five percentage points in order to make us more comparable and competitive in the region. Ken Henry knows, business knows and observers know that today we do not benchmark or compare ourselves against the US, the UK or Europe; today for us the competition is in the emerging economies and in Asia. So we have to benchmark our tax against them and take measures to improve our competitiveness and productivity. Here we have a situation where the Prime Minister under pressure, fearing the reception to the carbon tax on 1 July, was forced to make further changes to compensation and that is why she translated these company tax cuts into further measures focused on households.

In the process of trying to bring in a surplus budget the government has broken its promise on foreign aid spending. There has been much argy bargy about that in this place. The reality is that the government has deferred its commitment on foreign aid and in the process saved $3 billion or $4 billion dollars over the forward estimates. You could justify that on budgetary grounds, but you do not need to keep denying that you have done it—just accept that you have done it. We have seen both the Minister for Finance and Deregulation and the Minister for Foreign Affairs in this house appearing to
obfuscate and not accept that reality. If there is one thing that this government will be remembered for, it is that capacity not to admit that something has been reversed—accept it, take it on the chin and move on. Instead they seek to rationalise, justify and obfuscate.

In her promise of seeking to achieve a surplus budget, the Prime Minister broke her commitment, her solemn promise, to increase the funding for our defence forces by three per cent in real terms per annum. Instead there has been a cut of a further $5.5 billion to defence, a total of $8 billion of cuts to defence over the last two budgets. Labor has cut defence spending as a proportion of GDP to historically low levels. It is almost three years since we had the defence white paper. I was involved as deputy chairman of the consultative committee that went out to consult the community about what we do about defence. It is good that the Parliamentary Secretary for Defence has joined us. I was part of that committee and a report was put together—a report which promoted the need for adequate defence spending and with a particular flow-on to defence industry. In one fell swoop, or a couple of fell swoops if you include the last budget, the government has reneged on those commitments. It has left the Defence Force with very low morale, fearing that they have a minister who will not prosecute their case in cabinet and making them feel like they are taking a disproportionate share of the burden of meeting the government's surplus target.

This does not conclude the number of flip-flops the government has undertaken in the process of trying to achieve a surplus budget. There was big talk over the last few months about the commendable agreement between the government and the opposition that we should move towards a National Disability Insurance Scheme, but in the budget, what did we get? Instead of the $3 billion or $4 billion that the Productivity Commission had indicated was appropriate for the start up of the NDIS, we got $1 billion committed over the forward estimates. It may be that the Prime Minister has some great plan that, if she wins the next election, she will come back to this issue and give us a great big infusion over the balance of the forward estimates. But, as we stand today, the commitment of this Labor government is $1 billion over the forward estimates to get this process started. Again, it is a major constituency where the Prime Minister made a big hit last week, I think it was, when she went to a big congress and announced with great fanfare, 'Don't worry, in the budget we will look after you.' Those expectations were dashed with this $1 billion over the forward estimates. Let us not forget that when the NDIS is up and running, the total additional cost on a per annum basis will be something like $6 billion to $7 billion to $8 billion per annum. That is a very big commitment that we have embarked on in this area. Again, I say she has dashed those expectations.

The Gonski review into schools education is to receive $5 million, even though Gonski put a price tag of something like around $5 billion for what needs to be done in this area. The government could have come clean and said, 'Look, we just can't afford this,' but to put in $5 million and say there will be an ongoing process of consultation and to engage in what I might describe as a kabuki dance with the states about who will provide what in this area is a great shame, because expectations have been raised and again they have been dashed. That is not all.

Every time the coalition puts out a good policy, the government steals it. There is no better example of another flip-flop or back flip than Labor allowing business to claim carry back losses of up to $1 million per annual for two years. The government criticised this very measure when it was
It was announced by that venerable stalwart of the opposition Malcolm Turnbull when he was the Leader of the Opposition. He announced that small businesses wanted to be able to carry-back tax losses, to help see them through the downturn as well, as to bring them forward. He talked about how it was a critical part of the economy. 'In these difficult times,' he said, 'small firms must be given the appropriate support to equip them to lead the economic recovery.' The government poo-pooed it; they argued against it; they said it would be too expensive and too ineffective. And yet here, down the track, is yet another damascene conversion to coalition policy and it is in the budget.

One of the underlying themes that I am trying to bring out here is that in seeking to make amends for its broken promise on the carbon tax by increasing the amount of compensation going to households, the government has had to break a whole series of other commitments and promises. In political terms, what that does is reinforce in the minds of the community the very reservation they have about the government. They cannot trust the government. They cannot trust the government to keep its word: the government chops and changes; it switches. There is no better illustration of this than the fact that to get to a surplus in 2012-13, the government has indulged in reprofiling, as it is called, of various expenditures. The loading of the back-to-school payment into the back of the 2011-12 year and the bring forward of Commonwealth grants to local government into 2011-12 have assisted the government to save more than the $1.5 billion that is the surplus in 2012-13. Again, the public are entitled to be cynical if these are the sorts of tricks that are used in order to create the artifice of a $1.5 billion surplus in 2012-13.

More importantly, when we look back on the record of this government, since coming to government Labor has deviated from its previous budgets over the last four years by $74.7 billion. Over the last two years the government has deviated from its budgets by $28.7 billion. On budget night 2010, Wayne Swan told Australia that the deficit for the financial year 2010-11 would be $40 billion. Instead, it delivered a deficit of $47.7 billion, a $6.9 billion difference. Last year on budget night, Wayne Swan told the Australian people the deficit for the financial year 2011-12 would be $22.6 billion. This week he told the Australian people that the deficit is expected to be $44.4 billion—a $21.8 billion difference. The public are entitled to ask, 'Why should we therefore trust the proposition that you will do this year what you have not done in the last at least three out of four budget years?' And they are entitled to have that view. That view is also cemented by looking at the budget assumptions.

There is no doubt that the budget is underpinned by some rosy economic forecasts, some rosy forecasts about growth, because the budget assumes that we resume trend growth, 3¼ per cent, in the next fiscal year. At a time when the Reserve Bank has become increasingly pessimistic about the path of the Australian economy, we have had a 50 basis point reduction in interest rates because the Reserve Bank has recognised that it overestimated growth over the last few months, and all indicators—of business and consumer confidence, the retail sector, the construction sector, the housing sector—have been that the economy in the non-mining parts has actually been growing very slowly or in some cases going backwards. There is no doubt the mining sector is growing strongly. There is no doubt mining investment is going gangbusters. And there is no doubt that that 20 per cent of the
The RBA, the Reserve Bank of Australia, have seen through that. They have looked at the softness in the non-mining part of the economy and they have recognised the need to take interest rate action. That is why they gave us 50 basis points on the first Tuesday in May. They are looking at the budget and they will be looking at the accounting tricks. They will not be signing off on this budget, in my view. They will be looking for the continued softness in the economy. They will look with a jaundiced eye at these rosy economic forecasts. They will look with a jaundiced eye at the optimism that the budget displays about the international economic picture, as we established in question time over the last couple of days.

There is no doubt that the situation in Europe is deteriorating. It is deteriorating as we speak. It is deteriorating in Greece, where there seems little hope of having a stable government. It is deteriorating in France, where the new president is going for growth as opposed to austerity. Already we are seeing Spain teetering on the edge of financial implosion. Bond yields in Spain have exceeded six per cent. That is an indication that investors are starting to flee Spain; they are starting to get worried. It is one thing for Greece, two per cent of the Eurozone, to have problems. But there will be a bigger issue if Spain gets to a situation where the Spanish government is unable to fully bail out the Spanish banks. That will have implications all across Europe. Those are the downside risks that we are dealing with at the moment.

This is in the context where, apart from those rosy growth assumptions, we have rosy assumptions about how much the mining tax will raise and how much the carbon tax will raise, and if there is slippage in any of these then ultimately the government has admitted it will take further fiscal action. It will actually have a discretionary tightening of fiscal policy. What that means is that, if the budget deteriorates because the economy grows more slowly than they thought, they will actually take discrete policy decisions to tighten policy again, which means either further spending cuts or tax increases.

In his contribution to the debate today, Senator Cameron omitted to mention some of his own writings in this regard. He quoted Menzies and he quoted others, but he did not quote some of his own writings. In an article in the Daily Telegraph on 7 May we had laid out the Cameron manifesto. Forget about Menzies and the forgotten people; it is Cameron and the forgotten measures. These are the measures that I think he would have had in the budget. He called for an expansion of the minerals resource rent tax beyond coal and iron ore to other minerals. He called for a financial transaction tax to get at all those smarties in the financial sector, to put a bit of sand in the wheels of commerce. He argued about greater taxation of trusts. All those farmers and others out there, all those small businesses that have trusts, Senator Cameron wants to come after you. He wanted to earmark taxes to pay for the National Disability Insurance Scheme, to pay for the Gonski review and to pay for reforms to aged care. If we earmark these taxes, what sort of money are we talking about? In the case of the National Disability Insurance Scheme we are talking about raising an extra $8 billion per annum. In the case of Gonski, we are talking about an extra $5 billion. In the case of reforms to aged care, again, we are talking about $3 billion or $4 billion over time. This is the Cameron manifesto.

The reason I raise it is that, while Senator Cameron may be a humble member of Her Majesty's government, the fact of the matter is that, in the near future, if the budget starts
to slip, if we start to see the surplus unravelling—

Senator Mason: Oh, that could never happen, could it?

Senator Sinodinos: I have to say, Senator Mason, based on previous experience, this is a distinct possibility. Then we have Senator Cameron's ideas on how he would pay for all this. There has been much made of the issue of debt—net debt versus gross debt and all the rest of it. It was fantastic that Senator Cameron found his way to the Treasury in order to speak to someone or at least get someone to give him a piece of paper that would explain all this. But the reason this is an issue is that people in the community are told that the government is going to achieve a surplus of $1 billion in the next financial year and simultaneously they are told, 'Oh, but the government is also going to have a bill in the parliament to raise the debt ceiling to $300 billion.' Then people ask, 'Hang on, if they are running a surplus, why do they need to borrow?'

There are many explanations as to why that case is. Part of the explanation, of course, is that the government is not only borrowing for itself, to fund its own activities and operations; it is also borrowing on behalf of public sector non-financial corporations such as the Clean Energy Finance Corporation and the National Broadband Network. The theory there is that the government borrows on its credit rating, it passes on the money and then these parties will invest the money, and because they will make a commercial rate of return we do not need to worry. We will have an increased liability on that side of the balance sheet; we will also have an increased asset on the other side. This overlooks the fact that the Clean Energy Finance Corporation and the NBN have both been costed as being unlikely to make a commercial rate of return.

Senator Conroy's own study, which he finally relented and agreed to have done on this, indicated that at best the NBN could generate a six per cent rate of return—and this is as a monopoly. A six per cent rate of return is the 10-year bond rate or something to that effect, not a commercial rate of return, not the rate of return you need when you are risking money in that sort of industry. So when people out there hear that the government is raising the debt ceiling they become confused. They think: what is the message here? It further increases the cynicism that people in the community have about the government and what the government is about.

In the time I have left I want to dwell on one matter, and that is the matter of means testing rebates and various benefits. There is a justification for means testing certain benefits, but if we take this too far the danger we run is that we increase the poverty traps. We increase the effective marginal tax rates in various ways up the income scale. That is an important issue, because it can deter people from working, saving and investing. In particular, it can have an impact on the secondary income earners in families, which tend to be the women in the families, the partners. So it is fantastic when people talk about the budget implications of means testing, but let's also think about the participation implications of excessive means testing. This is a theme I will come back to because there is no doubt that in some of the measures the government has taken it has created a situation where, contrary to the rhetoric of the Treasurer, who prides himself on being someone who spent part of his working life seeking to reduce effective marginal tax rates, he is now actually making it worse.
In conclusion, may I say that this budget will not be remembered for too long. There are too many other events occurring in this place which will overtake the budget. Even the best budget has a limited shelf life; this one will have an even shorter shelf life. People will see this budget through the prism of what they believe about this government, and ultimately what they believe is they cannot take what the government says at face value. They have had too many promises broken, too many expectations dashed, and the government's budget confirms all of those impressions.

Senator FEENEY (Victoria—Parliamentary Secretary for Defence) (17:32): I was relieved to see Senator Fifield's name attached to this motion in the Notice Paper today. I must confide to the Senate that I was becoming worried about Senator Fifield's wellbeing. As the Senate will be aware, Senator Fifield has been engaged in some very dangerous activities in the past week or so. He has been busy organising a coup within his own party, trying to depose his colleague Senator Kroger as a Senate whip and doing so against the wishes of his leader. We learnt that Senator Abetz was also a party to this little plot and that it was only quashed when Mr Abbott intervened and said that Senator Kroger was to be left alone.

Yesterday it was also revealed in whose interest Senator Fifield has been engaging in his rather inept plotting and scheming. Senator Fifield, it seems, is the agent of the man who made his career, his former employer, Mr Peter Costello. Yesterday we learnt that the former Treasurer is trying to come back to Canberra so that he can depose Mr Abbott and seize the Liberal leadership, a position for which he has in his own mind always been destined. Senator Fifield, it seems, is his point man in the Senate.

This motion begins by asserting that the budget 'does nothing to strengthen the Australian economy in the face of storm clouds on the global horizon'. Leaving aside the question of what a global horizon might be, this astonishing statement reveals just why the opposition might well want to bring Mr Costello back to Canberra. I could say a lot of things about Mr Costello's performance as Treasurer, but I am fairly certain he would never have said such a ridiculous thing as we can find in the motion we are considering right now.

Has the opposition noticed that the central feature of this budget, which is to cut or defer spending and increase revenue so as to put the budget back into surplus, is a motivation to strengthen the economy of the nation? Has the opposition not noticed that the debt crisis in Europe is all about the markets punishing countries which do not exercise the fiscal discipline necessary to keep their budgets in surplus? Has the opposition not noticed that the Australian economy is amongst the strongest economies in the developed world? Has the opposition not noticed that we will be the first economy in the developed world to move back to surplus? Has the opposition not noticed our low unemployment, our low interest rates, our strong trade position, indeed our healthy demographics? Has the opposition not noticed today's employment figures, in which unemployment has fallen yet again to 4.9 per cent?

Let me quote the independent economic commentary website Economy Watch:
Spurred by robust business and consumer confidence, Australia's economy is expected to grow even quicker in the next five years. 2011 to 2015 should see Australia's GDP ... grow by 4.81 to 5.09 percent annually ... Likewise, Australia's GDP ... per capita is expected to experience healthy growth.
I am not surprised at all that there are Liberal senators who want to bring Mr Costello back to Canberra, because the performance of their frontbench on the economy since they have been in opposition has been little short of laughable. First we had their appalling response to the global financial crisis in 2008. The shadow Treasurer then was Ms Julie Bishop. What was her response to the GFC? 'Wait and see,' she said. Wait and see! What a masterful piece of inspirational leadership that was. Fortunately for Australia, this government did not wait and see. Our Treasurer, Wayne Swan, acting on the advice of Treasury and the great majority of economists, responded rapidly and responded effectively with our stimulus packages, which saved this country from the kind of recession that afflicted most of the rest of the developed world and which, I am sad to say, is still afflicting much of Europe. While I am on my feet addressing this subject, let me pay tribute to Senator Nick Sherry, who was a member of the ministerial team that planned and executed Australia's highly successful response to the GFC—the most effective and successful response in the world. Senator Sherry gave us his valedictory speech earlier today, and he had every right to look back with pride on his long career in the Senate and in the ministry. He shares the credit for the success and strength of our economy today, which is in such glaring contrast to the state of many other developed economies around the world. I thank Senator Sherry for his service to the Labor Party, the government and the Senate and, like everyone else, I wish him well for the future.

Ms Bishop's brilliant performance as shadow Treasurer led to her being replaced by Mr Joe Hockey—the thinking man's Clive Palmer, the man who did such a great job in 2007 of persuading Australians that they should embrace the Work Choices legislation. Building on that success, Mr Hockey's comedy routine as shadow Treasurer has been ably assisted by his straight-man sidekick, Mr Andrew Robb, as shadow finance minister. These two have bumbled and blundered for the past three years, passing the buck between them, contradicting and undermining each other, putting out figures and retracting them—and then denying that they ever said it.

On Tuesday's Lateline, in response to the budget, we saw a breathless Mr Hockey insist that if he were in government he would cut much deeper. No wonder senators opposite want to bring Mr Costello back to Canberra. Perhaps they should get the band back together and bring John Howard back as well. Then they could give Australia what it really wants: the son of Work Choices! And if anyone thinks that is an idle threat they should read Mr Howard's speech to the postbudget breakfast in Brisbane, in which he said:

At some point this country has to revisit the area of industrial relations reform. We all know what industrial relations reform means to Mr Howard and indeed what it means to those opposite. It means the return of Work Choices. And if we should forget that, we have Mr Howard's proxy, Senator Sinodinos, here to remind us.

What is the first item on the opposition's indictment of our budget? That it fails to cut spending. This is curious, because ever since Tuesday night the opposition and its friends have been castigating us precisely because the budget did cut spending. The budget in fact cut spending by $33 billion. Let me quote a source that senators opposite might respect: the Wall Street Journal:

Mr. Swan unveiled the biggest package of budget cuts in 30 years hoping to turn a deficit of $A44.4 billion in the 2011-12 fiscal year ending June 30, into a surplus of A$1.5 billion in fiscal 2012-13.
That is what the Wall Street Journal said—'the biggest package of budget cuts in 30 years'. Of course, when one contemplates the time span of 30 years, that means that this government has already achieved bigger savings measures than anything the Howard government ever managed.

So we have indeed cut spending in this budget. But, according to the opposition, this is a terrible budget, precisely because it has made some cuts or deferrals in the areas of defence, foreign aid and so forth. Yesterday John Howard described the cuts as 'shameful'. These cuts are real and, certainly in the defence area, they will cause the deferral of some desirable projects. So to suggest that this budget does not cut spending is just ridiculous. This is a government that makes tough decisions on spending when those tough decisions are necessary.

This line of attack by the opposition of course raises the obvious question: if the opposition thinks that a $33 billion cut in spending is not enough, what figure would they nominate? How about $70 billion? That is a nice round figure. As it happens, it is the one that both Mr Hockey and Mr Robb have put forward at various times—and then denied at various times, and then put forward again at various times. And although they have been trying to run away from that number, it is plain that the opposition's ERC—if one could dignify it with such a term—does not know whether it is cutting or spending, leaving or arriving. If the cuts we have made are not enough for the opposition, what would they cut? Education? Pensions? We saw the shadow Treasurer speaking in London about the wickedness of a culture of entitlement. So pensions no doubt sit somewhere on their list. But what else? Medicare? Defence? I notice that the opposition has been remarkably silent on the questions of defence in this place. These are the big-ticket items in the budget, and it simply is not possible to make deep cuts in government spending without cutting into these areas.

My advice to those opposite, particularly Senator Sinodinos, is to stop wasting your time costing Senator Cameron's manifesto and turn your minds to costing your own policies. But this opposition always tries to have it both ways on spending. This is an opposition that could run into itself coming through the door. They criticise the government when we make cuts to spending, but they promise the Earth to the various interest groups that support and fund their parties. They conceal their own plans—plans that must involve massive cuts to spending if they are to repeal the mining tax and lose the revenues it will produce and yet not put the budget back into deficit. I think it is time the opposition came clean about where they are and by how much they would cut spending. I hope Mr Abbott will do this in his budget reply speech tonight. But, as I recall his lamentable performance in his budget reply speech of last year, I must confess that I am not confident about that.

Today the opposition cries crocodile tears about foreign aid, but foreign aid is always the coalition's first target of choice for spending cuts. It is an easy target for the right-wing populism that coalition parties like to engage in when no-one is watching. I am sure the Senate remembers Senator Joyce's incoherent rambling speech in February of 2010, when he called into question our foreign aid budget in its entirety, especially our funding to the World Bank for poverty alleviation. Peter Reith—who remains influential in the Liberal Party, helpfully commenting on its fortunes from time to time—said recently that foreign aid is a waste of money. The website of Liberal MP Jamie Briggs recently ran an article calling for the scrapping of Australia's
foreign aid to Pacific Island countries to help them cope with climate change. So this is the commitment of those opposite to foreign aid, and their support for its financing will last mere days.

The motion before us also refers to the world's biggest carbon tax. If the opposition thinks that we on this side are going to make any apologies for putting a price on carbon and carbon emissions, taking the first step on the long road to decarbonising the Australian economy, they are mistaken. This government has many achievements to be proud of, but I think history will record that the final passage of the carbon price legislation was one of our finest hours. We would of course have reached that milestone in 2009 had the coalition parties honoured the agreement Mr Turnbull reached with the government and passed the CPRS legislation. Instead, they allowed Mr Abbott, they allowed Minchin's militia and they allowed his fellow climate change denialists to seize control of their party. They reneged on their solemn agreement with the government and they chose the path of cynicism and obstructionism, something for which future generations of Australians will undoubtedly condemn them.

Eventually we succeeded in passing the carbon price legislation, along with its associated compensation packages. From 1 July this year, Australia will start to see the benefits of that package flowing to them. We have never denied that putting a price on carbon will impose some costs on some sectors of the Australian economy, an economy which we all understand is heavily dependent on fossil fuels and indeed coal exports. But we strongly believe that, in the longer run, it is in Australia's interests economically, socially and environmentally to take a leadership position in the slow and difficult struggle to save the world from the effects of human induced climate change.

In conclusion, I completely reject the terms of this motion. Those opposite have no grounds to criticise this government's record of fiscal responsibility. Yes, we went into deficit in 2008 and in subsequent years as part of our response to the GFC, a global financial crisis that those opposite still deny ever happened. The government did the right and responsible thing. Contrary to the primitive Thatcherite views of those opposite, there are times when deficit financing is necessary and responsible to stimulate an economy in danger of sliding into recession. We make no apologies for that and indeed the performance of the Australian economy is lasting testament to the effectiveness of the government's actions. But now it is time to bring the budget back into surplus and that is what we have done. That has certainly involved some pain, including in my own portfolio areas. But as a great Social Democratic Prime Minister of France, Pierre Mendes France, said:

>To govern is to choose. All parties have to choose what path to follow. We have chosen the path of discipline and responsibility by bringing down a budget that delivers a surplus while protecting those who rely on Labor to safeguard their welfare and their lives. Those opposite have chosen the path of irresponsibility, obstructionism, hypocrisy and even deceit. I am confident that the Australian people will recognise which side of the Senate has acted in the national interest.

Senator JOYCE (Queensland—Leader of The Nationals in the Senate) (17:47): I was actually enjoying Senator Feeney's speech. It was quite well written. It had good wordcraft in it. It had proper pitch. All around, it was almost Shakespearean. It is a shame he is leaving the chamber because I was hoping he would go for longer. The trouble is it was a load of rubbish. That is the
problem—it was a complete load of rubbish. It was going so well that I was waiting for the punchline and then it came to the part where they are decarbonising the planet. That is the part that always throws you. Once they talk about decarbonising the planet, you know, 'They're back; it's the Labor Party.' This is the height of lunacy. There is one group in Australia who will benefit from the carbon tax—they will absolutely reap the rewards from the carbon tax—and that group is the coalition. We are going to use it as a mechanism to kick those opposite out. It is so obvious—it is as obvious as the nose on your face. The Australian people hate it and those opposite know they hate it. I do not know why they pursue it. They should have some gumption and stand up about it. Even if they believe in a lot of the tripe, they should have the gumption to stand up in their party room and say: 'This tax is going to destroy our party. If we go forward with it, it is going to destroy us. Unfortunately, policy is never bigger than a party and the policy has to go.' But they have not done that. They are carting themselves to oblivion.

Let us deal with the budget issues. The NBN is going out of the back door. It is absurd. The NBN is now just racking up major cost overruns. It does not have the customer base it was supposed to have. In accountancy there is a thing called impairment that you have to place on assets when you realise they are not making money, that what you paid is not what you would get if you had to sell it. Believe you me, after you spend all your money on the NBN, if you go to sell it you are not going to get your $50 billion back. You are going to have to book an impairment and that loss is going to be massive for the Australian people. It is a crazy idea. You have to look at where your overdraft is right now. You have applied for an extension of your overdraft to $300 billion. You do not have the capacity to go on frolics—it is not there. If you do, it is completely and utterly criminal because you are lumbering your mistakes onto other generations to come after you.

Another one is this schoolkiddie's bonus, or whatever you call it. Why? It is $1.3 billion, but it is $1.3 billion that we do not have. It is another $1.3 billion that we have to borrow. It is not our money. It is the good people of China's money and the good people of the Middle East's money; it is not our money. We are going to borrow $1.3 billion just to basically throw it and hope it lands in the appropriate spot. There is no logic behind it, no committee behind it, no peak industry body behind it. There is nothing behind it but a desire of the Treasurer—though probably it was a desire of the Prime Minister—to try to buy favour. That never works. It is the last refuge of a scoundrel, even after patriotism. It just never works. You cannot buy love. Even Mr Thomson could probably tell you that. It is a case where you will get an outcome, but you will not get the affection of the Australian people. Of course they will take the money. People will always take your money, but it does not mean they are going to respect you for it. The question everyone is asking of course is: why didn't you put it into the National Disability Insurance Scheme? That is something that is supported. It is a logical outcome. It is probably a far more appropriate place than to just throw it out the door.

The next one is defence. You are throwing out the insurance policy. Looking through the figures with defence, the cut to it against GDP takes us to levels that we have experienced in Australia before. From what we can see, prima facie, it is starting to look like levels we had around 1938. I am not suggesting for one moment that there is something, but it is just foolish. It is foolish for you to let that crucial portfolio go to such
a low level. It is reprehensible that you have taken your eye off the ball, because with all this fiasco with Mr Slipper and Mr Thomson happening in the foreground, with Mr Rudd being absolutely carpeted by his colleagues and with the undignified way in which the Prime Minister of Australia carpeted the former Prime Minister, we in the opposition did not need to be an opposition—you do it to yourselves, every day. It is just absurd. It started to reflect that the dignity of office was lost. We knew as soon as the polling started to come out that the Australian people would switch off you, and they have.

While that absurdity was happening in the foreground, the absurdity in the background was our finances and the issue that I have always been concerned about, which is debt. It is not a case of just the level of debt but the trajectory of debt and the year-in, year-out, week-in, week-out, structural deficit that was becoming clearly apparent in your cash flows. It continues to this day. You cannot pull wool over people's eyes, borrow week after week $1½ billion, $2 billion, $3 billion and say, 'This is not a problem.' Of course it is a problem; it is a major problem.

I remember one week when you borrowed $3 billion. I was trying to think about that with housing. It is 6,000 houses at $500,000 a pop. You have about two-and-a-bit people in a house and that is a count of 13,000 or 14,000 people who you just purchased for the week. This is not logical and you cannot go on. Of course, it is not going to go on. Every promise you make on a financial footing, you break. It is all right giving people bad news—as an accountant, I can tell you that—but you must hit your target. You have to hit your target and when you are out, not slightly out but miles out, that sense of confidence in what you are saying goes.

Two years ago you told us that this year we would have a $13 billion deficit. Okay, that is a bad outcome. Then, a year later, you said, 'No, no, we've got it wrong. It's going to be a $22 billion deficit'—just slightly less—and then the year after that you go, 'No, we got it wrong again'. It was a $44 billion deficit. So there is a trend. Each year you are about 100 per cent wrong. Then you say, 'Even though we have got it so drastically wrong, you now must believe us.' Senator Feeney said, 'We have delivered a surplus'. You have not delivered a surplus. That is also another untruth. You have made a promise of a surplus—a promise that will not be able to be ascertained until 30 June 2013, for which the final figures will come in around about September. Between now and then we have to believe your promise.

Let us work on that. What other promises has this government made that we can therefore say makes it believable?

Senator Ian Macdonald: The carbon tax.

Senator Joyce: You can start with the carbon tax, that is the obvious one. It is a key policy. Or you could start with their deficits, their debt—it does not matter where you go. You could start with the latest one of a pecuniary interest for Mr Thomson. We are trying to find out who knew what in the Labor Party and who paid the bills. You cannot believe anything they say any more. It is one of those absurd things where we have to go through the ritual of asking the questions and then realising that there is nothing they say that you can trust.

The honour of office has been desecrated, destroyed and we are just going through a ritual until we get to the election. The election is coming. We went through this ritual in Queensland as well, but at least in Queensland, I would have to say, Ms Bligh had respect. There were people who thought that there was something slightly honourable about the way she was working.
Going back to exactly where we are: our gross deposition on market value was $265.84 billion by 30 June this year. It is just fantastic. I do not deny that you did not start with a gross deposition but it was about $58 billion. It has just taken off. Then we have to rely on the trust that you can somehow bring the show back under control. But notice that our gross deposition keeps heading north, even with your own figures. You are telling us about surpluses. The reason you do that is that you are banging things on the capital account but you are not booking your impairment value. So in every way we go around your books they are just a load of absolute tripe.

What do Australians see at present? How do they get a sense of confidence? We walk into the restaurant called the Australian Labor Party. We are greeted at the door by the maitre d', the Speaker of the House, Peter Slipper, and he sits you down at the table. Out the back you have the cook, the Prime Minister Julia Gillard. Not one thing she says is on the menu ever turns up, not one. There is not one thing you can believe. It does not matter what you buy; it will not turn up. And whatever you buy is going to cost vastly more than is on the menu. Have a look at the accountant, Mr Swan. This restaurant has had the four biggest losses in our nation's history. It now has the biggest debt in our nation's history. The entertainment? I do not know who you put down for the entertainment. I suppose Craig Thomson. The member for Dobell is the entertainment.

You can see it is not something that we placed on you. You guys—the Labor Party—placed it on yourselves. You did it to yourselves. The one thing that never lies is debt. Debt never lies. It does not matter how you cut it or dice it, you just have to pay it back. When you are up to $300 billion in debt—no doubt that is where you will get to—then you will come back with some other spurious excuse, just like the three previous times, about why you have to extend it. There will be some weeping and gnashing of teeth about how something went wrong and how we have to borrow more money. There was the ridiculous effort of the finance minister of the Commonwealth of Australia, who could not even nominate the nation's peak debt position. It was excruciating to sit here during question time, having asked the question, and have a palaver of percentages of GDP and net debt. We asked a simple question and we cannot get it.

We know that the competency to manage the economy is just not there and that every day the task gets harder. Every day the calibre of the people who are supposed to be managing it comes more under question. We did not put the country in this position; you did. Now you are desperately calling out, saying, 'Tonight, Tony Abbott must tell us how to fix our shop.' It is your shop and you made the mess. It is not a mess we made. The first thing we have to do to fix this mess is to get rid of them. (Time expired)

**COMMITTEES**

**Scrutiny of Bills Committee**

**Report**

Senator IAN MACDONALD (Queensland) (17:59): I present the fifth report of the Senate Standing Committee for the Scrutiny of Bills and also the Scrutiny of Bills Alert Digest No. 5 of 2012.

Ordered that the report be printed.

Senator IAN MACDONALD: I move:

That the Senate take note of the report.

The Alert Digest and the report are presented regularly to this chamber. I will say a couple of words about the work of the committee. I am a newly appointed chair of this committee. I used to be on the committee, many years ago, when I first came into this
parliament. I thought then—and this thought has been reinforced since I have returned to the committee—what a fabulous job this committee does. It goes through all of the legislation that is presented to parliament and, in an almost universally non-partisan way, determines what parts of that legislation might unduly trespass on personal rights and liberties or might inappropriately delegate legislative power or insufficiently subject the exercise of legislative power to parliamentary scrutiny.

I urge senators to pay attention to these reports and the digests as they come in because they highlight, they do not make judgements on whether these are good or bad—that is a matter for policy debate in the chamber—but they do alert people to infringements on what we would broadly term human rights. So much comes through in legislation that does attract the attention of the committee. Very often when the committee draws attention to provisions the government or the people submitting the bills either amend them to take into account the committee's concern or alternatively explain why these particular provisions are there. It is a tremendously useful tool for senators and those interested in getting good legislation through this parliament. I commend the report and the digest to the Senate for its consideration.

Question agreed to.

Report

Senator IAN MACDONALD (Queensland) (18:03): As chair of the Senate Standing Committee for the Scrutiny of Bills, I also present the final report of the committee's inquiry into its future direction and role, together with documents presented to the committee.

Ordered that the report be printed.

Senator IAN MACDONALD: I move:
That the Senate take note of the report.

The committee's inquiry into its future direction and role makes some important recommendations to ensure that the terms of reference in standing order 24 remain relevant and useful. I would characterise the suggestions as complementary to the committee's current work and progression without departing significantly from existing practices. The more significant recommendations that came out of the
inquiry, which are contained in the report that I am tabling now, include provisions that:

… in appropriate circumstances, the committee should notify the Senate of a failure to respond to a request by it for information;—

That is a request back to the government for information on some of the drafting of the bills, and—

similar to the legislative and general purpose standing committees, the Scrutiny of Bills Committee should be given permanent inquiry powers.

The committee also recommends that:

standing order 24 be amended to specifically refer to the scrutiny of bills which excessive rely on delegated legislation for their operation ….

Also, there was a recommendation that the draft legislation that is part of the scheme of uniform legislation should be referred to relevant Senate committees, including the Scrutiny of Bills Committee, for consideration before the legislation is finalised. This is in the case where draft legislation is exposed.

The committee recommended that thought should be given—and this is very important—to both this committee, the Scrutiny of Bills Committee, and the Regulation and Ordinances Committee looking at regulations as well as legislation. Whilst this is not specifically mentioned in the committee's recommendations before the chamber, it is interesting to note that regulations under the Henry VIII arrangement, which is often referred to, do permit regulations—that is, subsidiary regulation—to override the legislation passed by this parliament and thereby actually giving it power to make regulations. It is okay to allow the regulations to be made—some would say it is not okay, but it is a practice that for very good reasons has evolved—but those regulations are then not subjected to the same scrutiny as the enabling legislation is. That seems to be a bit of a flaw in the whole process. I think something the committee and, indeed, the Senate should look at in the future is whether regulations should actually be subjected to those same processes by both the Scrutiny of Bills Committee and the Regulations and Ordinances Committee.

The committee also recognises that the expertise in legislative scrutiny is likely to be useful to other participants in the legislative process. The committee, therefore, considered ways in which to raise awareness of the principles it considers and its expectations of how they will be addressed. The ideas the committee intends to progress include: firstly, creating a checklist of key scrutiny issues to assist the department and to identify possible scrutiny issues; secondly, publishing short guides and a consolidated document of principles to support the use of the checklist; and, thirdly, enhancing its website and other electronic resources.

In conclusion, on behalf of the committee I acknowledge and thank all of those many people who have assisted the inquiry by making submissions and providing additional information. I also pay tribute to Senator Mitch Fifield, who was the chairman of this committee before I took it over. He chaired most of the work into the report that is currently before the Senate. I particularly thank the secretariat—the secretary of the committee, Toni Dawes, and all of her team—for the considerable help they have given. They are the professional advisers to the committee who assist generally with the work and with this inquiry as well. I commend to the Senate this committee's report into its future direction and role.

Question agreed to.
Law Enforcement Committee

Report

Senator PARRY (Tasmania—Deputy President of the Senate and Chairman of Committees) (18:10): I rise on behalf of the Parliamentary Joint Committee on Law Enforcement to present the report of the committee on Commonwealth unexplained wealth legislation and arrangements, together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Senator PARRY: I move:

That the Senate take note of the report.

Unfortunately, this is the second tranche in relation to the unexplained wealth legislation as the provisions that resulted from the bill’s passage through the parliament have not proved to be workable in over two years of operation. So, to that effect, the committee has further examined the reasons why and widely consulted again in relation to unexplained criminal wealth assets. The consultation culminated with a meeting of all the state and territory police commissioners as well as the Australian Federal Police where we had a very frank and fruitful discussion. The aim now is to put some technical amendments through and make sure that the unexplained wealth legislation provisions are actually workable and police agencies can use them.

The primary purpose—and I have spoken about this on previous occasions—of unexplained wealth legislation is that, where we cannot prosecute serious criminal organisations because of lack of evidence due to the intricate and technical ways that serious criminal organisations and crime gangs avoid prosecution or detection, we aim to subvert that avoidance by simply going to the wealth, the assets, of the individuals who control and run or who are involved with these serious criminal organisation outfits. In other places in the world, this has proved to be very effective, and I quote the example of Ireland.

We took some evidence about the Irish model. In fact, some Irish officers attended this parliament and spoke to the committee at great length. When they implemented their unexplained wealth legislation they started to remove assets from criminals when they could not explain how they attained those assets and it was asserted those assets were gained unlawfully. Three crime families, if you like, left Ireland. So if we can have that same effect here, in Australia, that would be fantastic. A key aspect of this is to get harmonisation with the states. We do not want one state to be the weakest link and, therefore, have criminal organisations maybe relocating or associating themselves with the states that do not have the same provisions. So, to this end, the committee will work very hard with the Attorney-General's Department and other state and territory jurisdictions to ensure that there is harmonisation throughout the Commonwealth.

I am aware that there are other reports that need to be tabled this evening. There is a reasonable list. So I seek leave to incorporate the remainder of my tabling statement into Hansard.

Leave granted.

The statement read as follows—

Parliamentary Joint Committee of Law Enforcement

Tabling of the unexplained wealth report

Mr Speaker [President], I rise to present the Parliamentary Joint Committee on Law Enforcement's report for its inquiry into unexplained wealth legislation and arrangements.

Unexplained wealth laws represent a relatively new form of criminal assets confiscation, whereby serious and organised criminals who
cannot account for the wealth they hold may be liable for forfeiture of those assets to the state.

The value of unexplained wealth provisions lays in their ability to significantly undermine the business model of serious and organised crime. The incentive behind organised crime is to make money. By removing unexplained wealth from serious and organised criminal networks and associated individuals, this incentive is removed.

Furthermore, confiscation of criminal profits removes funds that are used as capital for thither criminal enterprise. Removing these funds significantly disrupts the ability of criminal networks to operate.

The committee was therefore pleased to see the introduction of unexplained wealth provisions into Commonwealth proceeds of crime legislation in early 2010.

Unfortunately, the provisions that resulted from the Bill's passage through Parliament have not proved to be workable in over two years of operation. To date, no unexplained wealth proceedings have been brought before the courts due to a range of limitations.

The committee was therefore keen to examine these provisions more closely, and has made a number of significant recommendations in this report that will significantly enhance the effectiveness of the Commonwealth unexplained wealth provisions.

In particular, the committee has recommended major reform of the way unexplained wealth is dealt with in Australia as part of a harmonisation of Commonwealth, state and territory laws. While complementing the national strategic approach to organised crime, harmonisation may also allow the Commonwealth to make use of unexplained wealth provisions that are not linked to a predicate offence. This approach has been found to be the most effective, both in Australia and abroad.

The committee has therefore proposed that the Commonwealth seek a referral of powers from willing states and territories as part of a long term plan to develop a nationally consistent approach to unexplained wealth and organised crime. Harmonisation would also help to eliminate gaps that can be exploited between jurisdictions.

In addition, the committee has recommended a series of technical amendments that would ensure that unexplained wealth proceedings are efficient and fair, correcting deficiencies that were identified during the course of this inquiry.

Effective unexplained wealth legislation can take the profit out of criminal enterprise, undermining the business model of serious and organised criminal networks and protecting His, community from the damage caused by these individuals and organisations commend this report and its recommendations, and urge the government to ensure that crime doesn't pay.

The committee has a longstanding interest in securing effective unexplained wealth legislation, arising from the committee's study of international models to tackle organised crime during an overseas delegation in 2009. The committee heard from a number of jurisdictions that, while serious criminals may consider imprisonment to be an acceptable occupational hazard, taking their illicit profits was considered to be a far more serious blow.

Serious and organised crime, motivated by greed, power and money, has serious impacts, threatening the economy, national security and the wellbeing of Australians. The financial cost to the community is conservatively estimated to be around $15 billion a year.

As the Australian Crime Commission informed the committee, while serious and organised criminal groups continue to prove resilient and adaptable to legislative amendment and law enforcement intelligence and investigative methodologies, the reduction or removal of their proceeds of crime is likely to represent a significant deterrent and disruption to their activities.

Unexplained wealth legislation represents a new form of law enforcement. Where traditional policing has focussed on securing prosecutions, unexplained wealth provisions contribute to a growing body of measures aimed at prevention and disruption. In particular, unexplained wealth provisions fill an existing gap which has been exploited, where the heads of criminal networks remain insulated from the commission of offences, enjoying their ill-gotten gains.
The committee considered evidence regarding the requirement to link a Commonwealth scheme to a Commonwealth head of power, necessitating the inclusion of a link to a federally relevant offence. This is a significant limitation, as it undermines the most valuable aspect of unexplained wealth provisions — that they provide a means to target the heads of criminal networks who are often insulated from committing, or being implicated in the commission of offences themselves. Unfortunately, crime doesn't respect geographical boundaries or Constitutional restraints.

Summary of recommendations:

Given the intrusive nature of unexplained wealth provisions, the committee has sought to provide greater clarity and accountability for the use of the provisions. This includes:

- Providing a statement of intent in the objects clause relating to unexplained wealth, noting that the provisions are for use primarily against serious and organised crime.
- Leaving in place judicial discretion about whether to make an unexplained wealth order in cases where the amount of unexplained wealth in question is under $100,000;
- In place of judicial discretion, the introduction of additional oversight by accountability agencies.

Further support for unexplained wealth investigations in the form of:

- Ensuring ACC examination material can be used as evidence;
- Exploring the possibility of enabling the ACC to conduct examinations for the purpose of unexplained wealth proceedings, in a manner consistent with Proceeds of Crime Act court proceedings; and
- Amending search warrant provisions in the Proceeds of Crime Act to allow for the collection of evidence for unexplained wealth proceedings.

Improving the operation of taskforces which involve the Tax Office through:

- Prescription of the Criminal Assets Confiscation Taskforce under taxation regulations to allow greater information sharing; and
- Allowing the Tax Office to make greater use of information obtained through telecommunications interception where appropriate.

Streamlining the court process through:

- Eliminating the current unnecessary duplication of meeting an evidence threshold test;
- Providing for an extension of the time limit for serving notice of a preliminary order where appropriate;
- Removing the potential for abuse of legal expense provisions by harmonising them with other Proceeds of Crime Act proceedings; and
- Granting an ability to create and register a charge over restrained property to secure later payment.

Development of a consistent and effective national approach to unexplained wealth across Australia, through:

- The Commonwealth Government taking a lead role in harmonisation efforts, including seeking a referral of powers from states to enable it to legislate for an effective unexplained wealth scheme;
- The Commonwealth Government actively participating in efforts to establish international agreements relating to unexplained wealth;
- Pursuing associated options for Commonwealth, state and territory cooperation in this area through the Standing Committee on Law and Justice.

**Senator IAN MACDONALD** (Queensland) (18:14): I seek leave to continue my remarks.

Leave granted.

**Report**

**Senator PARRY** (Tasmania—Deputy President of the Senate and Chairman of Committees) (18:14): On behalf of the Parliamentary Joint Committee on Law Enforcement, I present the report on the
examination of the 2010 and 2011 annual reports of the Australian Crime Commission and the Australian Federal Police, together with the minutes of proceedings of the committee and the transcript of evidence.

Ordered that the report be printed.

Senator PARRY: I move:

That the Senate take note of the report.

Senator PARRY: I seek leave to have the report incorporated in Hansard.

Leave granted.

The report read as follows—

Parliamentary Joint Committee on Law Enforcement


Mr Speaker [President], I rise to present the Parliamentary Joint Committee on Law Enforcement’s report on its examination of the annual reports of the Australian Crime Commission (ACC) and Australian Federal Police (AFP).

The Parliamentary Joint Committee on Law Enforcement has a statutory duty to examine the annual reports of the ACC and AFP. The committee has had a long-standing responsibility to examine the annual report of the ACC. However, this was the committee’s second opportunity to examine the annual report of the AFP since the committee’s jurisdiction was widened in 2010. The committee held public hearings with both the ACC and AFP and appreciates the ongoing level of engagement with committee proceedings demonstrated by both agencies. The committee congratulates them both on another successful year.

The committee recognises that close cooperation between law enforcement agencies across the various jurisdictions is fundamental to effectively combating crime. It was interested to gauge the nature of this relationship through the annual reports review process.

In terms of initiatives which provide for greater cooperation, the ACC has established a presence in each state and territory which enables state police agencies to be briefed on the ACC’s capability, whilst also improving the flow of information to the ACC itself. The AFP also places emphasis on relationships with its counterparts. Part of the AFP’s efforts to refocus its attentions on reinvigoration of investigation and operational capabilities in 2010-11 went to improving relationships with national and international counterparts.

The importance of cooperation is also reflected in the nature of crime investigations, with joint investigations increasingly common. Fifty-four per cent of serious and organised crime investigations were conducted under a formalised joint agency agreement as of January 2012. The remaining 46 per cent comprised joint investigations but without formal agreement. The committee recognises that cooperation in the fight against serious and organised crime has taken on a heightened importance given that Australia has become an attractive target for international criminal groups as it is no longer isolated from and immune to world trends.

Whilst considering trends and changes in criminal activity, the annual reports examination process also provides the committee with an opportunity to consider the efficiency of internal agency procedures. One area of interest to the committee in this regard is the timeliness of complaint handling by the AFP.

The committee appreciates that the AFP has taken measures to improve the time it takes to deal with complaints since the committee reported on the matter in its last annual report examination, however the Ombudsman’s most recent report noted a continued deterioration in timeliness.

The committee is concerned about the deterioration in the average time-run of complaints cases and recommends that the AFP annual report include the average number of days taken to resolve cases for each category of complaint. The addition of this information will enable the committee to monitor the timeliness of complaint resolution.

The committee is concerned about the inaccuracy in the average time-run of complaints cases and recommends that the AFP annual report include the average number of days taken to resolve cases for each category of complaint. The addition of this information will enable the committee to monitor the timeliness of complaint resolution.

The committee appreciates the advances made by the ACC and AFP over the year of review. I therefore commend the committee’s report to the Senate.
Trends and changes in serious and organised crime

The committee has a statutory duty to examine trends and changes in criminal activity, practices and methods and pursued these areas as part of its examination of the ACC Annual Report.

Trends identified by the ACC in relation to serious and organised crime include:

- Exploitation of the cyber environment to:
  - enable traditional crimes such as fraud, drug trafficking, theft of personal identity information and child exploitation; facilitate criminal activity, including through enhanced communication and money laundering;
  - conduct criminal activity against computer networks;
- Growing markets for drug analogues, novel substances and illicit pharmaceuticals;
- Importation and distribution of illicit drugs, tobacco, counterfeit goods and other illicit commodities, with associated corruption and infiltration of sea and air ports, security and the entertainment sectors;
- Sophisticated money-laundering schemes, involving intermingling of criminal proceedings with the legitimate economy, facilitating complex fraud, large-scale laundering and tax evasion using large, legitimate companies.

Australian Crime Commission Intelligence Products

As Australia’s national criminal intelligence agency, the ACC has developed a niche role over the past three years to deliver specialist capabilities and intelligence to the law enforcement community and broader government.

To realise its stated objective to reduce the threat or impact of serious or organised crime though analysis of and operations against national criminal activity, the ACC provided strategic criminal intelligence services to law enforcement and government agencies.

In 2010-11, the ACC delivered 1398 intelligence products including three reports: Illicit Drug Data Report, Organised Crime Threat Assessment, and Organised Crime in Australia report.

The effectiveness of ACC operations was measured through stakeholder feedback by way of Key Performance Indicators or KPIs. Whilst setting a target of 90 per cent for strategic intelligence products, the ACC achieved a result of 100 per cent for this KPI.

In terms of its second KPI, enhancing an understanding of serious and organised crime, the ACC achieved a 70 per cent result. The committee noted in its report that this result may indicate partner agency dissatisfaction with the ACC’s contribution and expects to continue monitoring this KPI to ascertain the significance of the result.

ACC Annual Report highlights

Investigations and intelligence operations into federally relevant criminal activity

The ACC’s investigations and intelligence operations underpin its criminal intelligence services by providing unique intelligence collection capabilities.

ACC investigations are conducted in partnership with law enforcement agencies with the objective of disrupting and deterring federally relevant serious and organised criminal activity. During 2010-11, the ACC conducted 10 special intelligence operations and five special investigations whilst also undertaking a number of projects and contributing to various task forces.

ACC achievements during the year include:

- 34 disruptions, 467 charges laid and 55 convictions,
- $29.88 million in proceedings of crime restrained,
- $4.88 million in proceedings of crime forfeited,
- $45.06 million in tax assessments issued,
- $5.31 million in cash seized,
- Seizure of drugs with an estimated street value of $141 million and the illicit drug production potential of precursors valued at over $617.6 million.

Notwithstanding these achievements, the committee appreciates that the ACC’s real value
in terms of organised crime may be in the area of harm reduction impacts which are difficult to measure.

It is also difficult to assess the impact of the ACC's intelligence products particularly in relation to broader investigations, whilst the trend towards joint investigations makes measuring the contribution of a single agency more complex.

In order to assess this broader contribution, the committee may consider how best to assess the annual report's commentary on qualitative outcomes.

**Illicit firearms assessment**

Since February 2012, the ACC has been conducting a National Intelligence Assessment of the illegal firearms market and its links to gang activity in Australia.

The committee was informed by the ACC that a black market in handguns has operated for decades and that in recent drive-by shootings handguns have predominately been used. Firearms also enable organised crime to exercise authority and control over markets and their organisations.

**Ombudsman’s reports—extending a controlled operation**

The committee considered the process of extending a controlled operation beyond three months in cases where the scope of the operation changed. In a previous examination of the ACC’s annual report, the committee recommended that where a variation is sought which would change both the scope and duration of a controlled operation, that the scope change be approved internally and duration change by the AAT.

However, at the time of the Ombudsman’s most recent report on the inspection of controlled operations records, there was apparent disagreement between the Ombudsman and ACC about what constitutes a ‘significant alteration’.

The committee understands that the ACC altered internal policies in relation to controlled operations to reflect an agreed position reached between it, the Attorney-General’s Department and the Ombudsman. As this matter is of considerable interest to the committee, it intends to consider the 2011-12 inspection results of the Ombudsman before making any further comment.

**National Criminal Intelligence Fusion Capability**

The National Criminal Intelligence Fusion Capability brings together specialists from various government agencies including the ACC, AFP, and the Australian Customs and Border Protection Service.

Fusion is responsible for monitoring the most significant serious and organised crime threats. During 2010-11, it identified over 70 new persons of interest or high-threat targets though matching information already held by the Commonwealth.

**Security breaches**

The committee pursued questions concerning security breaches in relation to ACC documents. Since 2007, there have been 62 security breaches, including 18 in 2011. Of those, four were considered serious and related to the loss of information and in one case, a weapon. Whilst the committee was assured that the ACC has a strong self-reporting culture, it is concerned with the security breaches and will continue to assess the ACC’s efforts to address the number of security breaches into the future.

**AFP Annual Report highlights**

In recent years, the AFP has increasingly focused on national and international operations in response to new and emerging challenges in areas such as counter terrorism, human trafficking and sexual servitude, cyber-crime, peace operations, protection and other transnational crimes.

**Complaint handing**

In relation to complaint handling, there were 920 complaints made against the AFP in 2010-11. This represented a 15 per cent increase compared to the previous year.

Of the complaints, there were 233 Category 3 complaints. These are serious misconduct matters that do not involve corruption but may give rise to termination of employment, breaches of criminal law and serious neglect of duty. There were also 30 complaints related to corruption. The remaining 657 complaints were category 1 and 2 complaints relating to minor management, minor misconduct or unsatisfactory performance. Over half of all the complaints reported were made by another AFP member.
The timeliness of complaint handling was raised as a matter of concern by the committee in its last annual report and by the Ombudsman. In response, the AFP instituted measures to improve the time it took to deal with complaints. However, the Ombudsman’s most recent report raised the matter again noting that the timeliness continued to deteriorate and that the measures taken by the AFP have not been effective.

Whilst appreciating that the AFP is currently reviewing the benchmarks for complaint handling timeframes, the committee raised concerns about the deterioration in the average run-time of complaints cases. In this regard, the committee made a recommendation that the AFP annual report include the average number of days taken to resolve cases for each category of complaint, to enable the committee to better monitor the timeliness of complaint resolution.

**National security—policing**

Key initiatives and programs undertaken by the AFP in relation to national security—policing include the:

- successful prosecution of three people for terrorism offences,
- establishment of a dedicated Terrorism Financing Investigations Unit; and
- establishment of a Countering Violent Extremism Team.

In terms of counter-terrorism, 96 per cent of AFP time was spent on high-impact to very high-impact cases. Of these cases, 82 per cent of time was spent on operational activity resulting in a prosecution, disruption or intelligence referral outcome.

**International deployments**

AFP personnel are deployed internationally to contribute to Australia’s United Nations commitments as well as to regional security and rule of law initiatives.

During 2010-11, AFP contributed to UN missions in Cyprus, Sudan, Timor-Leste and Afghanistan. The AFP also contributed to capacity development programs in Cambodia, Timor-Leste, Vanuatu and other members of the Pacific Island Forum as well as the Regional Assistance Mission to the Solomon Islands.

**Operations—Policing**

The AFP Crime Program has teams across Australia as well as operating internationally with teams in 30 countries. In 2010-11, Crime Program achievements included:

- the seizure of over 5 tonnes of illicit drug and precursor chemicals;
- restraint of $41 million in proceeds of crime;
- establishment of the Criminal Assets Confiscation Taskforce; and
- the seizure of $16 million and arrest of 12 persons for money laundering through the high risk funds strategy.

**Drug Harm Index**

At over $1 billion, the Drug Harm Index more than doubled its results from the previous year and exceeded its domestic target of $886 million.

Question agreed to.

**Treaties Committee Report**

Senator BIRMINGHAM (South Australia) (18:15): I present the 124th report of the Joint Standing Committee on Treaties on treaties tabled on 22 November 2011 and 7 February 2012, and move:

That the Senate take note of the report.

It is a pleasure to present this report. It covers a series of treaties tabled on 22 November and 7 February. One of the more important treaties covered is the Agreement between the European Union and Australia on the Processing and Transfer of Passenger Name Record (PNR) Data by Air Carriers to the Australian Customs and Border Protection Service, done at Brussels on 29 September 2011. It is a bit of a mouthful in title, but it is an important agreement and it provides the legal basis and framework required by the European Union under its data protection laws to allow for the transfer of passenger name record data to Australia. This type of data is information relating to passenger records processed in the EU by air
carriers, including the travel requirements of passengers, their date of reservation, their date of intended travel, their names, their contact details, their payment information and the like.

Negotiation is necessary to have an agreement with the EU, and such an agreement is a prerequisite for the release by the EU of this type of personal information to other jurisdictions, and reflects the high standard of protection of personal information and privacy rights held by the EU. This agreement, which I note was signed by our ambassador to the European Union, Brendan Nelson, a former distinguished leader of our party and member of the other place. This agreement delivers for the sharing of this information, which is vitally important to strengthen our customs and border protection measures. Analysis of such data plays a critical role in the identification of persons of interest when combating, in particular, transnational crimes. Therefore, the committee strongly welcomes the agreement.

We thank, on behalf of the parliament, the EU for their cooperation in the negotiation of this agreement and for their commitment to ensure that it is able to come into operation with Australia and to provide Australian authorities with this vital information and passenger data that assists in these types of monitoring activities. Without this type of agreement, our customs and border protection in Australia would be at risk of breaching EU law, yet the failure to furnish such information could expose an information gap that could be exploited by people wishing to enter Australia without detection. It is very important that this agreement was achieved and that it is entered into.

The committee knows there is a need to balance the needs of government agencies like Customs and Border Protection with the need for personal privacy, but we are confident that the processes here achieve that, and we note that they have been scrutinised not just by the Australian parliament but also by the European parliament to provide satisfaction that that is the case.

This report also canvasses a few other matters, specifically some amendments to the MARPOL treaty, which relate to the prevention of air pollution from ships. This will be a particularly important measure to ensure that in international shipping there is a reduction in greenhouse gas emissions over the future. There is also a protocol amending the Agreement between the Government of Australia and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, one of many important agreements that Australia has with other countries to ensure equitable, effective and fair treatment in our tax system for individuals who operate across multiple jurisdictions in particular. There are also some minor changes to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.

The committee has concluded that all of these treaties covered in report 124 should be supported with binding action. On behalf of the committee I commend the report to the Senate.

Question agreed to.

Public Accounts and Audit Committee Report

Senator McEWEN (South Australia—Government Whip in the Senate) (18:20): On behalf of the Joint Committee of Public Accounts and Audit I table a statement on the draft estimates for the Australian
National Audit Office for 2012-13 and seek leave to incorporate the statement in Hansard.

Leave granted.

The statement read as follows—

STATEMENT BY THE JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT ON THE 2012-13 DRAFT ESTIMATES FOR THE AUSTRALIAN NATIONAL AUDIT OFFICE

Mr President, the Public Accounts and Audit Committee Act requires the Committee to consider draft budget estimates for the Australian National Audit Office, with the Chair making a statement to the House on Budget day on whether, in the Committee's opinion, the Auditor-General has been given sufficient funding to carry out his duties.

In support of this process, the Auditor-General is empowered to disclose their budget estimates to the Committee, which we then consider in making representations to Government as necessary. This process reflects both the Committee's status as the Parliament's audit committee, and the Auditor-General's status as an independent officer of the Parliament.

The Committee met with the Auditor-General in March to review the Audit Office's draft estimates for the coming financial year.

The Auditor-General advised that, while not seeking additional budget supplementation at this time, the Audit Office is facing a number of cost pressures.

These pressures include: the cumulative effect of the efficiency dividends; increased employee costs; and contractor rate pressures. In addition, the ANAO continues to absorb the costs of the increased requirements as a result of changes to the Australian Auditing Standards.

Furthermore, recent changes to the Auditor-General's Act 1997 gave the ANAO new powers to undertake audits of key performance indicators and Commonwealth partners. These important expansions of the Auditor-General's mandate add further pressure to the ANAO's budget outlook.

The Committee recognises the essential role the Auditor-General plays in scrutinising Government processes and expenditure, and therefore endeavours to ensure the ANAO remains adequately resourced.

In this light, and although the Auditor-General has not requested additional funds in this budget, the Committee does not want to see the ANAO's new powers under-utilised or their discretionary work - such as the performance audit program - negatively impacted due to future budget constraints.

The Committee appreciates the efforts of the Auditor-General and his staff in maintaining a strong working relationship with the Committee. They have made themselves available to brief the Committee regularly and have been responsive to our requests for information on a variety of topics. The Committee looks forward to continuing a productive relationship with the Audit Office into the future.

The Audit Office's total revenue from Government is $74.306 million in 2012-13.

Mr President, the Auditor-General has advised that this appropriation is sufficient for him to discharge his statutory obligations and his work program for the year ahead.

On this basis, the Committee endorses the proposed Budget for the Audit Office in 2012-13 - but notes that any reduction in the draft estimates or additional pressure placed on the Audit Office without corresponding additional funds would be of concern.

I present a copy of my statement on behalf of the Joint Committee of Public Accounts and Audit.

(signed)
Senator Bishop
May 2012

Publications Committee Report

Senator McEWEN (South Australia—Government Whip in the Senate) (18:20): On behalf of Senator Carol Brown, I present the 16th report of the Publications Committee.

Ordered that the report be adopted.
BUDGET
Consideration by Estimates Committees

Senator McEWEN (South Australia—Government Whip in the Senate) (18:21): I present additional information received by committees relating to estimates as listed at item 9 on today’s Order of Business.

The list read as follows—

9. Tabling and consideration of committee reports – pursuant to standing order 62(4)

Government Whip (Senator McEwen) to present additional information received by legislation committees relating to the 2011-12 additional estimates hearings:
- Economics
- Environment and Communications Legislation Committee
- Finance and Public Administration
- Foreign Affairs, Defence and Trade Legislation Committee
- Legal and Constitutional Affairs

COMMITTEES
Community Affairs References Committee
Documents

Senator McEWEN (South Australia—Government Whip in the Senate) (18:21): On behalf of Senator Siewert, I present the Hansard record of proceedings and documents presented to the Community Affairs References Committee at the committee’s hearing into the Commonwealth contribution to former forced adoption practices.

Senators’ Interests Committee
Report


Ordered that the report be printed.

Report

Senator McEWEN (South Australia—Government Whip in the Senate) (18:22): Pursuant to order and at the request of the chairs of the respective committees, I present reports on legislation as listed at item 11 on today's Order of Business, together with the Hansard records of proceedings and documents presented to the committees.

The list read as follows—

11. Order of business – It is proposed to consider business in the following order –

Business of the Senate – orders of the day


No. 3–Finance and Public Administration Legislation Committee – Report – Health Insurance (Dental Services) Bill 2012 [No. 2] (pursuant to Selection of Bills Committee report)


No. 6–Environment and Communications Legislation Committee – Report – Telecommunications Amendment (Mobile Phone Towers) Bill 2011 (pursuant to Selection of Bills Committee report)
First Reading

Senator JACINTA COLLINS (Victoria—Manager of Government Business in the Senate and Parliamentary Secretary for School Education and Workplace Relations) (18:24): I move:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Question agreed to.

Bills read a first time.

Second Reading

Senator JACINTA COLLINS (Victoria—Manager of Government Business in the Senate and Parliamentary Secretary for School Education and Workplace Relations) (18:24): I table two revised explanatory memoranda relating to these bills and move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in Hansard.

Leave granted.

The speeches read as follows—

Corporations Amendment (Future of Financial Advice) Bill 2012

Today I introduce a bill which will amend the Corporations Act 2001 to better protect consumers. This bill improves the capacity of the corporate regulator, the Australian Securities and Investments Commission (ASIC), to act against unsatisfactory persons and it introduces a requirement for advisers to seek their clients’ agreement every two years to continue to charge ongoing fees.

The initiatives in the bill implement part of the government’s Future of Financial Advice reforms which is its response to the Parliamentary Joint Committee on Corporations and Financial Services Inquiry into financial products and services in Australia that was established in the wake of collapses such as Storm Financial. The recent TRIO collapse is also relevant. This bill
represents the first part of the FOFA reform package.

Importantly, the bill includes two key measures to enhance consumer protection and instil more trust and confidence in financial planning. Ultimately these reforms will encourage more Australians to seek financial advice.

Firstly, the bill sets in place arrangements which require financial advisers to obtain their retail clients' agreement every two years in order to charge them ongoing fees for financial advice (that is the opt-in requirement). Currently, there are some clients of financial advisers that pay ongoing fees for financial advice who receive little or no service. Some clients are also unaware of the amount of those fees or continue paying them because they are disengaged. This scenario arises both where the advice fee is paid via a third party product commission, and directly from the client to adviser. This is occurring despite the fact that most ongoing advice contracts allow a client to 'opt-out' at any time.

This measure promotes the active renewal by the client to ongoing fees for advice, with opportunities for them to consider whether they are receiving value for money. It also assists disengaged clients from paying ongoing fees that they don't need to be paying.

The current disclosure of ongoing fees at engagement in the statement of advice is not a sufficient safeguard, because the disclosure is not ongoing. A client might be paying fees that were outlined in a statement of advice they received from an adviser years ago.

The basic requirement is that advisers must obtain their clients agreement to renew at least once every two years.

The renewal notice empowers a client to renew or end the ongoing fee arrangement. If the client does not respond to the renewal notice, they are assumed to have terminated the advice relationship and no further fees can be charged by the adviser. If an adviser breaches by overcharging after a client has not opted in, they could be subject to a civil penalty. The maximum amount of this civil penalty which is lower than others in the Corporations Act, reflects the tailoring of the penalty to the nature of the offence.

There is considerable flexibility as to when and how advisers obtain the renewal notice. The bill also provides additional grace periods if a client inadvertently opts out by not responding to the renewal notice in time.

The disclosure notice is an important supplement to the renewal requirement. It includes fee and service information about the previous and forthcoming 12 months, and assists clients to understand whether they are receiving a service from their adviser commensurate with the ongoing fee that they are paying.

The renewal obligation applies to new arrangements after 1 July 2012, but does not apply to existing clients of financial advisers. However the annual disclosure obligation will apply to all clients of advisers.

Overall, the measure is about the focus being on the client, and what is in the client's best interest. This is line with the existing practice of many advisers. Not only is this the fair thing for the client, it is also professional best practice.

There has been a lot said about the cost that this measure will impose on financial advisers, and with this a variety of estimates of that cost. It is a matter of fact that for advisers that charge on a pure fee-for-service basis (that is, per hour or per piece of advice), the renewal measure will impose no cost whatsoever.

It is true that for advisers that have no contact with particular clients for a period of more than two years, then opt-in will impose a cost on that adviser either in chasing up the client or in losing the business altogether. However, it is not fair to characterise this latter case—the cost of losing business—as a new cost. The cost exists in the system right now, the only difference being that it is the disengaged client—rather than the disengaged adviser—that currently bears the cost.

This measure remedies that situation and ensures that the client, and their retirement savings, comes first.

Secondly, the bill enhances the capacity of ASIC to supervise the financial services industry and protect investors.
Providers of financial services must be licensed by ASIC as part of facilitating investor confidence that those persons are competent and are of good fame and character. Licensees also have representatives who act on their behalf.

ASIC has powers to protect the public, including powers to apply a variety of administrative remedies against a licensee (or its representatives) that breach the law.

During the PJC Inquiry, ASIC raised concern with its ability to protect investors by restricting or removing unscrupulous operators from the industry. A number of factors were impacting on the exercise of ASIC's powers, including decisions of the Administrative Appeals Tribunal (AAT) relating to when someone 'will' breach the law, the difficulty with removing individuals given the focus on licensees in the Corporations Act and the lack of scope for ASIC to remove representatives in certain circumstances, such as where they are not of good fame and character.

The changes implement the PJC recommendations in this area and will strengthen ASIC's administrative powers as they apply to licensees and representatives to strengthen the gate keeping function of the licensing regime and extend ASIC's powers to remove unsatisfactory persons from the industry.

The changes to the licensing and banning thresholds include that ASIC can refuse or cancel a licence, or ban a person, where the person is likely to contravene (rather than will breach) the law. ASIC may also remove representatives if they are not competent, of good fame and character or involved in its licensee's breach of the law.

The changes generally align the thresholds for licensing and banning with similar provisions under the National Consumer Credit Protection Act, which ASIC also administers.

As with the exercise of any administrative powers, an ASIC decision will be based on the individual circumstances of each case, but would generally take account of factors such as the nature and seriousness of the misconduct, the internal controls on the licensee or the person and the previous regulatory record of the person.

Existing review rights in relation to ASIC decisions about licensing and banning continue to apply, including to the AAT.

These changes should result in ASIC exercising its administrative powers more efficiently and effectively to protect investors.

In summary, the measures in this bill support the key public policy objectives of FOFA to improve consumer trust and confidence in the financial advice they receive, and improve professional standards.

Corporations Amendment (Further Future of Financial Advice Measures) Bill 2012

Today I introduce a bill to amend the Corporations Act 2001 to bring into effect significant reform to the regulation of financial advice, which in turn will enhance trust and confidence in the sector.

Great nations do not remain great by pretending they can stay as they are. For every generation of Australians, it doesn’t matter if it’s in business or the community or in politics or the media, it falls to every generation to leave the place better than we found it.

Financial planners and those who work in financial services industry, implicitly, if not explicitly, understand that this change is an inevitable part of life. I believe that most financial planners see it as part of their role to make their dealings with their customers such that after having dealt with a planner, they’re better off than if they had never dealt sought financial advice.

This is why I’m a believer in the importance of financial advice, because we must endeavour in whatever we do to leave those in our families, in our immediate families, those in our streets, in our neighbourhoods, in our towns, in our communities ideally better off than before they had transactions with us. I believe that rule applies in business, in community, in sport and in politics.

The initiatives in the bill implement part of the Future of Financial Advice reforms, which forms the government’s response to the Parliamentary Joint Committee on Corporations and Financial Services' Inquiry into financial products and...
services in Australia. This bill represents the second of two tranches to implement the FOFA reform package, with the first tranche being introduced into this House last month.

The bill includes two key measures representing integral components of the reforms which go to the heart of boosting professionalism in the financial advice industry.

Firstly, the bill imposes a statutory best interests duty on financial advisers. As its name suggests, the duty requires advisers to act in the best interests of their clients, and to put their client’s interests ahead of their own.

The best interests duty is a legislative requirement to ensure the processes and motivations of financial advisers are focused on what is best for their clients. It is true that this will ultimately lead to better advice in many cases, but first and foremost it is about regulating conflicts, not the intrinsic quality of the advice provided.

The best interests duty does not require that advisers give the best advice. It does not invoke punishment if, with the benefit of hindsight, the advice does not prove to be perfect. It is not about guaranteeing clients the best investment returns on products.

In being able to satisfy the duty, the Bill strikes a balance between certainty and flexibility for the adviser. The duty requires the provider of the advice to take steps that would be reasonably regarded as being in the best interests of the client, given the client’s relevant circumstances.

In other words, discharging the duty will be relatively simple in some situations, and more involved where the circumstances are more complex.

By the same token, for the adviser that wants certainty around compliance above all else, the general obligation is supplemented by a provision setting out steps which, if satisfied, will be deemed sufficient for the adviser to have fulfilled the general obligation.

This is a common sense proposal which is long overdue. For the majority of advisers, this merely codifies how they already go about their business in dealing with clients. For those advisers that have not always put their client’s interests first, this reform will no doubt require them to make changes to the way that they do business. This can only be a good thing, both for the client, and for the advice industry generally.

Secondly, the bill implements a key aspect of the government’s response to the Ripoll Report—a ban on the receipt of conflicted remuneration by financial advisers, including commissions from product issuers.

It is absolutely crucial to the integrity of the advice industry—or any industry involving a high degree of trust and responsibility—that the consumer can be confident that the adviser is working for them.

It is only by ensuring that advisers’ only source of income is from their clients that clients can be sure that the adviser is working for them, rather than a product provider.

For the most part, advisers will not be able to receive remuneration (from product issuers or from anyone else) which could reasonably be expected to influence financial advice provided to a retail client.

If an adviser is confident that a particular stream of income does not conflict advice, then these reforms do not prevent them from receiving that income. For example, in the case of the receipt of income related to volume of product sales or investible funds, there is a presumption that that income would conflict advice. However, this is a presumption only, and if the adviser can demonstrate that the receipt of the income does not conflict advice, then such remuneration will be permissible under the bill.

But the message is clear—if in doubt about whether certain remuneration will conflict the advice that they provide to their client—the adviser would be prudent to err on the side of caution.

I should note that despite this necessary and overdue measure to eradicate conflicted remuneration, I am encouraged to see that a very large proportion of the industry is already moving away from product commissions and moving to a fee-for-service model. This is not only better for the client, but it is also best professional practice.

The most professional advisers working under a full fee-for-service model, who have already
turned-off their trail commissions, will not be impacted by these reforms, except that there will now be a level playing field in the industry as far as legitimate remuneration sources is concerned. Increased transparency of fees will also assist consumers in comparing different advice costs, thereby enabling greater competition across the sector.

Also banned is the receipt of ‘soft-dollar’ or ‘non-monetary’ benefits over $300, with some exceptions around education and professional development. This creates hard obligations in regard to the practice that industry codes require of their members already.

The bill also contains some additional measures in relation to other forms of remuneration.

Advisers will not be able to charge asset-based fees (that is, fees calculated as a percentage of client funds) on client monies which are borrowed. Under the current law, an adviser can artificially increase the size of their advice fees by ‘gearing up’ their clients. While most planners advise their clients responsibly in this regard, such a fee model does not engender the right behaviour and is prohibited under the Bill.

I should emphasise that there is nothing to prevent advisers under this measure from recommending a gearing or borrowing strategy to their client. To the contrary, if this is in the client’s best interests then they should proceed with such a strategy. However, they will need to charge the client for those services in some other way, for example, by charging flat fee or hourly rate. Advisers can continue to charge asset-based fees on client funds that are not borrowed.

The bill also bans volume-based shelf-space fees from funds managers to platform operators. In short, product issuers will not be able to purchase ‘shelf-space’ on a platform menu by paying inflated fees. Platforms should be incentivised to put the most appropriate products on their menus, rather than lease positions to the highest bidder. Payment flows which represent reasonable value for scale will remain permissible.

Finally, while these measures around remuneration are important, they represent a large change to the industry and to individual businesses. It is for this reason that existing trail commission books will be ‘grandfathered’. This means that commissions from business entered into prior to the reforms can continue. Of course, commissions on new business and clients after 1 July 2012 will not be allowed.

This is a just outcome, and provides an adequate cushion for the industry to transition once the new laws are in place.

The government’s financial advice reforms complement our commitment to progressively increase the superannuation guarantee from 9 to 12 per cent. You cannot encourage Australians to save more for their retirement without ensuring the system is operating in their best interests.

In summary, the measures in this Bill support the key public policy objectives of FOFA to improve consumer trust and confidence in the financial advice they receive, and improve professional standards.

Debate adjourned.

Customs Amendment (Anti-dumping Improvements) Bill (No. 2) 2012
Customs Tariff (Anti-Dumping) Amendment Bill (No. 1) 2012
First Reading
Bills received from the House of Representatives.

Senator JACINTA COLLINS (Victoria—Manager of Government Business in the Senate and Parliamentary Secretary for School Education and Workplace Relations) (18:25): I move:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Question agreed to.

Bills read a first time.

Second Reading
Senator JACINTA COLLINS (Victoria—Manager of Government Business in the Senate and Parliamentary Secretary for School Education and Workplace Relations) (18:25): I move:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Question agreed to.

Bills read a first time.
Secretary for School Education and Workplace Relations) (18:25): I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in *Hansard*.

Leave granted.

*The speeches read as follows—*

**Customs Amendment (Anti-Dumping Improvements) Bill (No. 2) 2012**

I am pleased to present:

- The Customs Amendment (Anti-Dumping Improvements) Bill (No. 2) 2012.

Together with:

- The Customs Tariff (Anti-Dumping) Amendments Bill (No. 1) 2012.

They represent the 3rd tranche of legislation that implements the government's reforms to Australia's anti-dumping system announced in June last year.

These bills are cognate and are being brought before the House together.

They contain reforms designed to provide better access to the anti-dumping system for Australian industry, and to ensure any applicable remedies are available as quickly as possible.

**Substantive Measures**

This 3rd tranche of legislation includes four substantive reforms to the Anti-Dumping regime.

1. **All facts available provision**

First, this bill clarifies the CEO of Customs and Border Protection and the Minister's power to take 'all facts available' into account when:

- Determining whether a countervailable subsidy has been received; or
- In determining the amount of a countervailing subsidy;
- When the parties being investigated by Customs fail to provide relevant information within a reasonable period or significantly impede the investigation, review or inquiry.

This reform ensures that our anti dumping system better reflects the World Trade Organization Agreement on Subsidies and Countervailing Measures.

2. **Expanding CEO/Minister powers—Continuation Inquiries**

Second, this bill removes the need for a separate review of anti-dumping measures and continuation inquiries to be run in close proximity to each other.

This is achieved by enhancing the powers that the CEO and the Minister have to conduct a continuation inquiry to allow for similar results to those currently available in a review of measures.

Through this amendment, Customs and Border Protection will be able to recalculate the level of the duties of an anti-dumping measure during a continuation inquiry.

This reform will streamline the process, meaning quicker outcomes for all interested parties.

3. **Removing Limitations – profit and normal value**

Third, this bill implements the recommendation of the International Trade Remedies Forum—to remove the current limitation to the inclusion of profit when calculating the 'normal value' of a good in its country of origin, in certain circumstances.

This amendment improves the effectiveness of the 'particular market situation' provisions in the *Customs Act*—by providing greater flexibility for Customs to more accurately determine the 'normal value' of goods.

These first three reforms are delivered through this bill.

4. **Additional forms of interim dumping duty**

The fourth reform is delivered by the Customs Tariff (Anti-Dumping) Amendments Bill (No. 1) 2012 which amends the Customs Tariff (Anti-Dumping) Act 1975.:

This allows for different forms of interim duty to be applied from those currently used.

The types of interim dumping duty which could be used will include an ad valorem duty, a fixed amount of duty, a combination duty, or a floor price mechanism.

The methods for working out these new forms of interim dumping duty will be outlined in...
regulations to be made in support of this amendment.

**Release of the two working group reports**

Today I am also releasing two reports from the International Trade Remedies Forum (the ITRF) that make important recommendations to improve the Anti-Dumping system.

The International Trade Remedies Forum is made up of 21 members representing manufacturers, producers and importers, as well as industry associations, trade unions and relevant government agencies:

- CSR
- Dried Fruits Australia (on behalf of the National Farmers' Federation)
- OneSteel
- Capral
- Kimberley Clark
- Australian Industry Group
- SPC Ardmona
- Australian Steel Association
- Australian Food and Grocery Council
- Jeld-Wen
- Plastics and Chemicals Industry Association
- Australian Manufacturing Workers' Union (AMWU)
- Australian Workers' Union (AWU)
- Australian Council of Trade Unions (ACTU)
- Construction, Forestry, Mining and Energy Union (CFMEU)
- Australian Customs and Border Protection Service
- Attorney-General's Department
- Department of Foreign Affairs and Trade
- Department of Innovation, Industry and Science
- Department of Agriculture Forestry and Fisheries
- Treasury

The first report examines Australia's 'particular market situation' provisions. It was prepared by the Market Situation Working Group made up of representatives from:

- the Australian Industry Group;
- Australian Food and Grocery Council;
- Australian Steel Association;
- Australian Workers Union;
- BlueScope Steel;
- Capral;
- the CFMEU;
- Dow Chemical Company;
- JELD-WEN;
- Kimberly-Clark;
- OneSteel;
- the Plastics and Chemicals Industries Association; and
- Representatives from a number of government agencies.

The report makes 16 recommendations. The government will implement all of them.

One of the recommendations (3.4) is to remove the legislative limitations to determining profit when constructing the 'normal value' of a good.

This reform is made in this bill.

Other recommendations include:

- Changes to guidelines and Customs manual to clarify the evidentiary standards required to support an allegation of a particular market situation;
- Updating the questionnaires for exporters and foreign governments;
- Amending the Customs Manual to reflect its new practice of working with applicants to develop market situation questionnaires; and
- Convening a separate working group to examine possible improvements to Australia's countervailing provisions.

The government will implement these changes administratively – through changes to the relevant guidelines, manuals and other arrangements.

The second report was prepared by the Market Situation Working Group of the ITRF, made up of representatives from:
Australian Dried Fruits;
Australian Food and Grocery Council;
Australian Pork Ltd;
the National Farmers' Federation;
SPC Ardmona;
the CFMEU; and
representatives from relevant government agencies.

It made 11 recommendations—and the government will also implement all of them.

These include:

- Retaining the close processed agricultural goods provisions of the Customs Act;
- Providing the Small and Medium Enterprise Support Officer (when appointed) with briefings, documentation and training they need to work with Australian primary producers;
- Customs and Border Protection conducting more analysis on the calculation of the 'non-injurious price'.

In accepting the recommendations in these two reports, the Government is demonstrating its commitment to reforming Australia's anti-dumping system through reforms which improve access and reduce the time and complexity associated with making and investigating anti-dumping applications.

In doing this, we also reaffirm our commitment to ensuring Australia's anti-dumping system complies with our international trade obligations.

Together, the bills in this tranche of reforms and the 22 recommendations from these reports will make a number of important reforms to our anti dumping system.

Foreshadowing Tranche Four Reforms

The fourth and final tranche of legislation to implement the anti-dumping reforms announced last year is planned to be introduced in the next Parliamentary sittings.

The fourth tranche will contain reforms in three broad areas:

- It will amend the subsidies provisions of the Customs Act to ensure they better reflect the World Trade Organization Agreement on Subsidies and Countervailing Measures.
  These changes will increase the clarity of these provisions by removing long-term interpretive issues that stakeholders have identified with these provisions.
  
  Second, it will establish an anti-circumvention framework in Australia.
  The framework will prevent parties involved in importing goods into Australia which are subject to anti-dumping measures illegitimately circumventing Australia's anti-dumping system to avoid duties.
  Anti-circumvention schemes have already been implemented overseas in the United States, the European Union, New Zealand, Brazil and, most recently, in India.
  The development of an overarching framework to address circumvention practices will send a strong warning to foreign businesses which intentionally seek to avoid measures imposed through our anti-dumping system.
  Third it will strengthen the provisions that deal with non-cooperation.
  I want to ensure Australia's anti-dumping system is effective in dealing with parties that do not cooperate with anti-dumping investigations.
  The next tranche of legislation will include further amendments to support the Minister's power to impose tougher dumping margins for parties that refuse to provide necessary information within a reasonable period.

Conclusion

These reforms directly address the concerns of business, workers and unions.

They will implement the reforms announced in last year—and provide for a clearer and fairer system.

The Customs Tariff (Anti-Dumping) Amendments Bill (No. 1) 2012

I am pleased to present this bill:

The Customs Tariff (Anti-dumping) Amendments Bill (No. 1) 2012.

Together with the previously mentioned bill:
The Customs Amendment (Anti-dumping Improvements) Bill (No. 2) 2012.

As I outlined, this bill allows for different forms of interim duty to be applied from those currently used.

The methods for working out these new forms of interim dumping duty will be outlined in regulations to be made in support of this amendment.

Together with the other reforms, this represents the third tranche of legislation implementing the Government’s reforms to Australia’s anti-dumping system.

Debate adjourned.

Customs Tariff Amendment (Schedule 4) Bill 2012

The Customs Tariff Amendment (Schedule 4) Bill 2012 contains amendments to the Customs Tariff Act 1995 that will repeal and replace Schedule 4 of that Act.

Schedule 4 delivers a wide range of tariff concessions, which have the effect of reducing or removing the normal rate of customs duty that would otherwise apply. These concessions lower costs for businesses and individuals importing goods.

However, the current Schedule 4 is complex and difficult for industry and importers to use.

During 2010, the government announced a Better Regulation Ministerial Partnership to examine and simplify the tariff concession regime. Under this Partnership, the relevant government departments, including Customs and Border Protection; Finance and Deregulation; and the then Department of Innovation, Industry, Science and Research, conducted a review of Schedule 4.

The review included consultation with relevant government agencies, a public discussion paper and consultation with key industry bodies. The consultation process showed that stakeholders, especially business, support a more user-friendly tariff concession regime.

Significant recommendations of the review included removing items that are redundant or have no clear policy intent, consolidating items that have similar coverage and restructuring the Schedule to place similar items together.

The Schedule 4 bill that I have just tabled gives effect to those recommendations.

In addition, the revised Schedule 4 formally incorporates the extension, to 31 December 2014, of the SPARTECA–TCF Scheme that relates to textile, clothing and footwear concessions for prescribed Forum Island countries. This
extension was contained in Customs Tariff Proposal (No. 1) 2012, tabled in Parliament on 16 February 2012.

The bill also contains consequential amendments to the Goods and Services Tax Act and related legislation. When enacted, the Schedule 4 bill will result in a re-numbering of the items in Schedule 4. As the GST and related acts refer to existing items in Schedule 4, the Schedule 4 bill contains amendments to those acts to update those references.

When enacted, the Schedule 4 bill will reduce the existing tariff concession schedule to around half the current number of items and improve its clarity and usability. However, the Schedule 4 bill will preserve the scope of the various concessions and their concessional duty rates.

**Tax Laws Amendment (2012 Measures No. 1) Bill 2012**

This bill amends various taxation laws to implement a range of improvements.

Schedule 1 amends the *Income Tax Assessment Act 1997* to implement the 2011-12 budget measure to disallow deductions against government assistance payments.

The Schedule responds to the High Court decision in the Commissioner of Taxation v Anstis where it was held that expenses incurred in satisfying an activity test for taxable government assistance income are deductible.

The consequence of the High Court decision is that taxpayers with the same level of income have different tax liabilities depending on whether or not they receive taxable government assistance income that is eligible for a tax offset.

Leaving the tax law unchanged will create inequality in the tax system. Amending the tax law to overturn the High Court decision will increase equity by ensuring that taxpayers with the same level of income pay the same tax. This measure will also provide certainty as to the scope of eligible deductions.

From 1 July 2011, taxpayers who receive taxable government assistance income that is eligible for a tax offset will no longer be able to claim a deduction for expenses they incur in satisfying an activity test to qualify for assistance income. Government assistance income in scope of the amendment includes ABSTUDY, Austudy, Newstart Allowance and Youth Allowance. This recognises that taxable government assistance payments are effectively tax-free.

The government considers that the most targeted and timely assistance is provided through the transfer system, not the tax system.

This is why the government has introduced several key measures aimed at supporting students, including start-up scholarships for new university students, relocation scholarships for those studying away from home and reducing the age of independence for Youth Allowance to 22.

These measures provide more timely assistance to students when they need it most.

Schedule 2 removes the ability of complying superannuation entities to treat certain assets (primarily shares, units in a trust and land) as trading stock, which is consistent with the general industry practice of treating these assets on capital account.

These changes promote certainty in the superannuation industry by removing the present ambiguity concerning the appropriate tax treatment of gains and losses from the sale of shares owned by a complying superannuation entity.

Schedule 3 exempts from income tax the ex-gratia payments to New Zealand Special Category Visa holders who were affected by the recent floods in New South Wales and Queensland. These ex-gratia payments are made for disasters where the Australian Government Disaster Recovery Payment has been activated, and are of an equivalent amount.

By exempting these disaster relief payments from income tax, the maximum amount of assistance is provided to affected individuals. A tax exemption for these payments is consistent with the exemption provided for equivalent payments made in response to other disasters, such as the widespread floods of the 2010-11 summer, and Cyclone Yasi.

Schedule 4 amends the *Income Tax Assessment Act 1936* to implement the 2011-12 Mid-Year Economic and Fiscal Outlook measure to phase out the dependent spouse tax offset.
The dependent spouse tax offset originated around three-quarters of a century ago – a time when the single income family was the norm and the welfare system was in its infancy. This was a time when a breadwinner was expected to 'maintain' a spouse even without children, and there were limited employment opportunities for women.

In today's modern economy, where unemployment is around 5 per cent, increasing employment participation and expanding the workforce is vital for the strength of our economy and the living standards of our community.

That is why the government is phasing out the tax offset for taxpayers with a dependent spouse born on or after 1 July 1952 to reduce the disincentive for dependent spouses from undertaking paid employment.

From 1 July 2012, taxpayers with a dependent spouse born on or after 1 July 1952 will no longer be eligible for the dependent spouse tax offset.

Dependent spouses with children are not affected by this measure, nor are taxpayers whose dependent spouse is a carer, an invalid, or permanently unable to work. Taxpayers eligible for the zone, overseas forces or overseas civilian tax offsets are also not affected by this measure.

Schedule 4 will introduce minor amendments to ensure that taxpayers who maintain a dependent spouse are only able to claim one offset in respect of that spouse in determining their zone, overseas forces or overseas civilian tax offset entitlement.

Schedule 5 includes several miscellaneous amendments to the taxation laws.

Amendments such as these are periodically made to correct minor technical or drafting defects in the taxation laws, and to address unintended outcomes. Advancing these amendments gives effect to the Government's long-standing commitment to uphold the integrity of the taxation system.

Full details of the measures in this bill are contained in the explanatory memorandum.

Debate adjourned.

Senator JACINTA COLLINS
(Victoria—Manager of Government Business in the Senate and Parliamentary Secretary for School Education and Workplace Relations) (18:27): I move:

That the bills be listed on the Notice Paper as separate orders of the day.

Question agreed to.

Health Insurance Amendment (Professional Services Review) Bill 2012

First Reading

Senator JACINTA COLLINS
(Victoria—Manager of Government Business in the Senate and Parliamentary Secretary for School Education and Workplace Relations) (18:27): I move:

That this bill may proceed without formalities and be now read a first time.

Question agreed to.

Bill read a first time.

Second Reading

Senator JACINTA COLLINS
(Victoria—Manager of Government Business in the Senate and Parliamentary Secretary for School Education and Workplace Relations) (18:28): I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in Hansard.

Leave granted.

The speech read as follows—

The Professional Services Review (PSR) Scheme and the Medicare Participation Review Committee process (MPRC) are important parts of the government's efforts to support the provision of high quality, appropriate and safe health services for patients. They protect the integrity of Medicare.

The Professional Services Review Scheme is a peer review process for investigating whether a practitioner has engaged in inappropriate practice in the provision of services under the Medicare Benefits Scheme or Pharmaceutical Benefits Scheme.
Medicare Participation Review Committees are independent statutory committees that make determinations on whether a practitioner should maintain the right to participate in Medicare.

This bill makes amendments to the provisions for the Professional Services Review and the Medicare Participation Review Committee process in the Health Insurance Act 1973 (the Act).

The proposed amendments do not alter the purpose of the Professional Services Review or the Medicare Participation Review Committee process. These amendments strengthen the ability of the Professional Services Review to protect the integrity of Medicare, improve administration and clarify issues raised in recent court decisions.

The Bill addresses issues raised in a recent Federal Court decision, Kutlu v Director of Professional Services Review [2011] FCAFC 94. The Federal Court's decision in this case brought into question the validity of findings of the Professional Services Review if the consultation process for appointing a person as a Professional Services Review Panel Member or Deputy Director had not been followed.

In cases where practitioners have been found by a Professional Services Review Committee to have practised inappropriately and are serving periods of disqualification, the Federal Court's decision could result in these practitioners being able to provide services under Medicare. This could compromise public health and safety.

The bill will address this issue by retrospectively validating past Professional Services Review findings that have been brought into question because a Panel member or Deputy Director was not validly appointed. These Professional Services Review processes will be held to be valid and effective.

The government considers that retrospective legislation is necessary and justified in this case to remove uncertainty about a number of Professional Services Review findings, where practitioners have been found by a committee of their peers to have practised inappropriately.

The bill has a legitimate objective in rectifying the effect of technical errors in the appointment process. The retrospective provisions aim to ensure that action taken to protect the integrity of services provided under Medicare may be relied on.

These validating provisions are not intended to apply to parties to proceedings for which leave to appeal to the High Court of Australia has been given before the bill is assented to, if the validity of a Professional Services Review appointment is in issue in those proceedings.

However, the bill will allow the Director of the Professional Services Review to establish and re-refer matters to a new PSR Committee in such cases. This will mean that practitioners, who have been found to have engaged in inappropriate practice by their peers, and have successfully challenged a Professional Services Review process on the grounds of irregularity in the appointment process, may be re-referred to a new PSR Committee for investigation if the Director decides to do so.

Other provisions

The bill also includes a number of provisions that strengthen the Professional Services Review's capacity to protect the integrity of Medicare, improve the operations of the Scheme, and respond to the recommendations of a review of the Scheme in 2007.

The Professional Services Review currently applies to only some, not all, of the types of health professionals who can provide services under Medicare. The bill will enable the PSR Scheme to be applied to all health professionals who provide Medicare services.

The bill includes amendments to improve the protection of the public under the Professional Services Review.

If the conduct of a person under review poses a threat to patient life or health, the Director of the Professional Services Review will be required to contact the relevant body that is authorised to recall patients for independent medical review. The Bill also requires the Director to notify the relevant registration body.

The quality of patient care can be placed at risk if practitioners undertake unreasonably high numbers of services. In 1999, medical professional groups agreed that 80 or more
unreferred attendances on 20 or more days in a 12 month period constituted inappropriate practice.

This bill clarifies in legislation that a practitioner who performs this number of services is automatically deemed by the legislation to have practised inappropriately, unless they can provide evidence that exceptional circumstances existed.

Patients will also be protected by amendments that will require all persons who are disqualified from Medicare due to a Professional Services Review or Medicare Participation Review Committee process to display a notice to inform patients that services will not attract Medicare benefits.

The bill clarifies the respective role of the Professional Services Review and Medicare Participation Review Committees, so that the PSR investigates inappropriate practice, and MPRCs review practitioners where they have contravened a relevant civil penalty provision or committed a relevant criminal offence.

Other amendments improve the administration of the Professional Services Review following its review in 2007. These amendments include clarifying processes where a person is unable to participate due to illness, or where the person under review dies, and making minor administrative changes.

Medicare and the Pharmaceutical Benefits Scheme are two of the key pillars of Australia's health system. Robust structures to prevent inappropriate practice are essential if they are to benefit all Australians for years to come.

This bill will ensure that the Professional Services Review continues to protect the integrity of Medicare and to support high quality, appropriate and safe health services for all Australians.

Debate adjourned.

Ordered that the resumption of the debate be made an order of the day for a later hour.

Debate adjourned.
A principal focus of the Knight review report is on improved integrity measures in the student visa program. To this end, the Knight review recommended that the automatic cancellation of student visas be abolished and replaced with a more targeted and strategic analysis of non-compliance.

Student visa holders are subject to a number of visa conditions that reflect the intention of the student visa program. Key to the integrity of the program is visa condition 8202 that requires international students to maintain course progress and attendance in class. The ability of a student visa holder to maintain course progress and attendance is considered an indicator of their genuine engagement in studies. Providers are required to monitor the course progress of their international students and their attendance in class under the provisions of the National Code, a legal instrument under the Education Services for Overseas Students Act 2000 (ESOS Act). While providers are required to define their own policies in relation to course progress or attendance, at a minimum, they must intervene to assist an international student who has failed more than 50% of the units attempted in any one study period or who is at risk of failing to attend between 70 and 80 percent of total course contact hours. Where a provider assesses the international student as not achieving satisfactory course progress or attendance, they must report them for a breach of condition 8202.

Under the current regime, an education provider is required under section 19 of the ESOS Act, to report breaches of student visa condition 8202 to the Secretary of the Department of Innovation, Industry, Science, Research and Tertiary Education (Innovation). The provider must first give the student 20 working days notice in which to access complaints and appeals processes. The provider is then required to notify the student visa holder of the breach under section 20 of the ESOS Act. It is this notification that triggers the application of the automatic cancellation provisions under the Migration Act 1958 (the Migration Act). The notice requires the student visa holder to attend an office of the Department of Immigration and Citizenship (DIAC) within 28 days of the date of the notice to make any submissions about the breach. If the student visa holder does not comply with the notice, their visa is automatically cancelled under the Migration Act by operation of law at the end of the 28th day after the date of the notice. Consequentially, any family dependent visa holders would also have their visas cancelled. International students whose visa was automatically cancelled are subject to an exclusion period for applying for further visas for up to three years.

Both the Knight review and the ANAO have recommended the abolition of the automatic cancellation regime. The Knight review found that automatic cancellation gives education providers extraordinary power over international students. It argued that the increase in automatic cancellations in recent years has been driven, in part, by the emergence of some providers who will use the automatic cancellation mechanism carelessly or even maliciously. It also found that the process was deleterious for some genuine international students who require help and monitoring rather than having their visas cancelled. Further, it found the regime to be hindering the effective use of compliance resources.

The Knight review also found that the process has attracted continued adverse commentary from the Federal Court, with the majority of automatic cancellations made between May 2001 and December 2009 having been overturned, affecting some 19 000 cases. This factor was echoed by the ANAO which noted systematic flaws and vulnerabilities in the regime. The ANAO also shared the views of the Knight Review in respect of the resource-intensive process that the regime requires whereby integrity and compliance units must respond to every education provider report rather that pursue targeted areas of compliance concern.

The Australian community expects there to be consequences if a student visa holder breaches visa conditions. However, the automatic cancellation provision fails to properly account for the severity of the breach, any exceptional circumstances or whether or not a breach actually occurred. The lack of discretion imposes
unnecessary administrative costs on international students, education providers and the government. It creates uncertainty and complexity for student visa holders.

For example, while students have the opportunity to stop the automatic cancellation process by attending an office within 28 days of the section 20 notice being sent, where they fail to do so, their visa is automatically cancelled at the end of the 28th day after the date of the notice, regardless of whether or not the breach may actually have occurred. Further, if a student visa holder applies for a revocation of an automatic cancellation, the decision maker can only decide to revoke where it is found that the breach either did not occur or was due to exceptional circumstances. The regime provides no discretion for a decision-maker to distinguish between a genuine student visa holder who may be struggling academically and one who deliberately breaches the conditions of their student visa.

Critically, the automatic cancellation regime directs government resources away from pursuing more egregious student visa breaches. In particular, the Knight review found that the automatic cancellation regime was in fact hindering the effective use of student compliance resources within DIAC. It found that up to 80 per cent of DIAC student integrity resources are predominantly allocated to dealing with the automatic cancellation-related caseload, including dealing with student visa holders approaching DIAC to stop the automatic cancellation process and managing requests for the revocation of an automatic cancellation. This means that reports for breaches that do not fall within the automatic cancellation regime cannot be prioritised, even though, upon further investigation, some of these reports may be for more serious non-compliance.

This bill would amend the ESOS Act to remove the requirement under section 20 for a registered education provider to send a notice to a student visa holder who breaches condition 8202 of their student visa. It is intended that on or after the day the amendments in this bill commence, registered education providers will no longer be required, or able, to send a notice under section 20 of the ESOS Act. As a consequence, student visas will no longer be subject to automatic cancellation under the Migration Act.

Instead, a student visa holder who breaches a visa condition by not achieving satisfactory course progress or not achieving satisfactory course attendance will be considered under the existing discretionary cancellation framework in the Migration Act. Under this framework, the education provider would still be required to report a breach of a prescribed condition of a student visa under section 19 of the ESOS Act. Details of the reported breach would be considered by DIAC for possible compliance action. The absence of automatic cancellation would not mean that such breaches will be taken any less seriously. In addition to following up on breaches of attendance and course progress, DIAC will be able to better-prioritise other reports that may indicate serious non-compliance, including where an international student fails to commence their course. DIAC will be working with DIISRTE to develop targeted reports to assist in identifying all types of breaches associated with the student visa program and targeting those that represent the highest risk.

This bill would also make necessary consequential amendments to the ESOS Act to require an education provider to give particulars of any change in contact details or other prescribed details of a student visa holder within 14 days after the provider becomes aware of the change. This is broadly consistent with other obligations on education providers under the ESOS Act, for example for a provider to report any changes in the identity or duration of a student’s course within 14 days after the event occurs.

The amendments would ensure the best possible transition from an automatic to a discretionary cancellation regime without compromising immigration integrity. They would maximise the likelihood of student visa holders receiving information and notification affecting their immigration status. It will also assist in the conduct of any subsequent immigration compliance activity.

It is intended that the amendments in the bill would apply to student visas in effect at the time of commencement unless the international student
has been sent a notice by an education provider under section 20 of the ESOS Act before the commencement of this bill. Any student visa holder sent a notice under section 20 of the ESOS Act before the date of commencement would still need to attend a DIAC office within 28 days or face the automatic cancellation of their student visa. However, if automatically cancelled, the former student visa holder would still be able to apply for a revocation of the cancellation. Revocation applications would be available until the visa would have ceased if not for the cancellation if the former student visa holder remains onshore, or within 28 days of the cancellation if the former student visa holder has left Australia.

Conclusion

In summary, student visa holders will no longer have their visas automatically cancelled. These changes will provide for a fairer, merits based cancellation process and will allow integrity and compliance resources to be more targeted to areas of highest risk.

These measures are intended to support the international education sector which is one of Australia's largest export industries and is important to Australia in supporting bilateral ties with key partner countries, supporting employment in a broad range of occupations throughout the Australian economy, as well as delivering high-value skills to the economy.

Ordered that further consideration of the second reading of this bill be adjourned to the first sitting day of the next period of sittings, in accordance with standing order 111.

COMMITTEES

Community Affairs References Committee

Gambling Reform Committee

Membership

The ACTING DEPUTY PRESIDENT (Senator Back) (18:29): Order! The President has received letters from a party leader requesting changes in the membership of various committees.

Senator JACINTA COLLINS (Victoria—Manager of Government Business in the Senate and Parliamentary Secretary for School Education and Workplace Relations) (18:29): I seek leave to move a motion to vary the membership of committees.

Leave granted.

Senator JACINTA COLLINS (Victoria—Manager of Government Business in the Senate and Parliamentary Secretary for School Education and Workplace Relations) (18:29): I move:

That senators be discharged from and appointed to committees in accordance with the document circulated in the chamber.

The list read as follows—

Community Affairs References Committee—

Appointed—Substitute member:

Senator Nash to replace Senator McKenzie for the committee's inquiry into health services and medical professional in rural areas on Friday, 11 May 2012

Participating member: Senator McKenzie

Gambling Reform—Joint Select Committee—

Discharged—Senator Back.

Question agreed to.

Sitting suspended from 18:30 to 20:00

BUDGET

Statement and Documents

Debate resumed on the motion:

That the Senate take note of the budget statement and documents.

Senator KROGER (Victoria—Chief Opposition Whip in the Senate) (20:00): I seek leave to incorporate, for the information of honourable senators, the Leader of the Opposition's response to the budget speech,
delivered by Mr Abbott in the House of Representatives earlier this evening.

Leave granted.

The speech read as follows—

The job, Mr President, of every senator of this parliament is to help shape a better Australia.

It's to listen carefully to the Australian people, respect the hard-won dollars they pay in tax, do our honest best to make people's lives easier not harder, and honour the commitments we make to those who vote for us.

If that's how we discharge our duties as members of parliament, politics is an honourable calling, the public can respect their MPs and MPs can respect each other even when we disagree.

My values are the product of an Australian life, a real life much like yours, with Margie, raising three daughters in suburban Sydney, paying a mortgage, worrying about bills, trying to be a good neighbour and a good citizen; appreciating that no one has a monopoly of virtue or wisdom, and grateful that our country has normally been free from the class struggle that's raged elsewhere to other countries' terrible cost.

In a healthy democracy, people need not agree with everything a government does but they should be able to understand its purpose and to appreciate why it could be for the long term good of the nation as whole.

The fundamental problem with this budget is that it deliberately, coldly, calculatedly plays the class war card.

It cancels previous commitments to company tax cuts and replaces them with means-tested payments because a drowning government has decided to portray the political contest in this country as billionaires versus battlers.

It's an ignoble piece of work from an unworthy Prime Minister that will offend the intelligence of the Australian people.

So on behalf of the Liberal National Coalition, I assert these fundamental truths:

Government should protect the vulnerable not to create more clients of the state but to foster more self-reliant citizens.

The small business people who put their houses on the line to create jobs deserve support from government, not broken promises.

People who work hard and put money aside so they won't be a burden on others should be encouraged, not hit with higher taxes.

And people earning $83,000 a year and families on $150,000 a year are not rich, especially if they're paying mortgages in our big cities.

Australia needs more successful people and more opportunities for people to succeed, yet this government's message is: the harder you try, the harder we'll make it for you.

Mr President, from an economic perspective, the worst aspect of this year's budget is that there is no plan for economic growth; nothing whatsoever to promote investment or employment.

Without a growing economy, everything a government does is basically robbing Peter to pay Paul.

With a growing economy, it's possible to have lower taxes, better services and a stronger budget bottom line as Australians discovered during the Howard era that now seems like a lost golden age of prosperity.

As this budget shows, to every issue, this government's kneejerk response is more tax, more regulation and more vitriol.

The Treasurer referred just once on Tuesday night to what he coyly called the carbon price before rushing to assure people that it wouldn't affect them.

If the carbon tax won't hurt anyone why is the government topping up compensation in this budget?

If the carbon tax won't hurt anyone, why did the Prime Minister promise six days before the last election that there would be no carbon tax under the government she led?

If the carbon tax won't hurt anyone why are Labor senators now frightened to go doorknocking even in their heartland?
Let's be clear about this: no genuine Labor government would be hitting the families and businesses of Australia with the world's biggest carbon tax at the worst possible time.

No genuine Labor government would be hitting our economy with what amounts to a reverse tariff making Australian businesses less competitive and Australian jobs less secure compared to our overseas rivals who face no such tax.

It doesn't matter how many times the Treasurer refers to a Labor government with Labor values, the real Labor people with whom I mix beyond the parliamentary triangle despair of the politicians who have sold their party's soul to the Greens.

Mr President, I applaud the Treasurer's eagerness to deliver a surplus— but if a forecast $1.5 billion surplus is enough to encourage the Reserve Bank to reduce interest rates, what has been the impact on interest rates of his $174 billion in delivered deficits over the past four years?

How can the Treasurer be so confident of next year's skinny surplus when this year's deficit, forecast to be $23 billion in last year's budget, has now grown to $44 billion?

How can he be confident that next year's surplus won't evaporate completely given that it's already shrunk from $3.5 billion in last year's budget and the cumulative budget bottom line has deteriorated by $26 billion in just 12 months?

The forecast surplus relies on the continuation of record terms of trade even though growth in China is moderating and Europe is still in deep trouble.

Yet on Treasury's own estimates, a decline in the terms of trade of just four per cent would turn the surplus into a $1.9 billion deficit next year and $5.1 billion the year after.

As everyone who's managed a household budget knows, shuffling costs from one year to another, as the Treasurer has, doesn't make them go away; and a tiny surplus in one year doesn't outweigh huge deficits in other years.

Even if the Treasurer is right, it will take 100 years of Swan surpluses to repay just four years of Swan deficits.

Mr President, I know what it's like to deliver sustained surpluses because I was part of a government that did; indeed, sixteen members of my frontbench were ministers in the government that delivered the four biggest surpluses in Australian history.

By contrast, no one will know whether the Treasurer has actually delivered his micro-surplus till late next year; is it any wonder that he seems to be suffering from surplus envy.

If the budget really was coming into surplus, it stands to reason that the government would have no further need to borrow.

If the government really thinks that a surplus can be delivered, as opposed to being merely forecast, why is it proposing to add a further $50 billion to the Commonwealth's debt ceiling?

I challenge the government to stop hiding this massive lift in Australia's credit card limit in the Appropriation Bills and to present it, honestly, openly to the parliament as a separate measure where it will have to be debated and justified on its merits.

Mr President, just two months ago, the Prime Minister said that "if you are against cutting company tax, you are against economic growth. If you are against economic growth, then you are against jobs".

In dumping her commitment to company tax cuts, the Prime Minister has reinforced her trust problem: why should this year's budget commitments be any more reliable than previous ones, especially when so much is such obvious spin.

The Treasurer boasted about his aged care changes but failed to mention that everyone who is not a full pensioner faces up to $10,000 a year more for in-home aged care and up to $25,000 a year more for residential care.

He hailed the delivery of the National Disability Insurance Scheme but neglected to mention that it was short-changed $2.9 billion from the Productivity Commission's version.

He trumpeted more money for the states' dental schemes but not his plans to abolish the Medicare dental scheme.
He highlighted more spending on the Pacific Highway but not the get-out clause that it has to be matched 50:50 by NSW, not 80:20 as agreed with the previous NSW Labor government.

The Treasurer insisted that military spending could be cut, breaking more commitments in the process, without harming our defence capability even though defence spending, as a percentage of GDP, will soon be at the lowest level since 1938.

Mr President, the Australian people deserve better than this and they're looking to the Coalition for reassurance that there is a better way.

The Coalition has a plan for economic growth; it starts with abolishing the carbon tax and abolishing the mining tax.

Abolishing the mining tax will make Australia a better place to invest and let the world know that we don't punish success.

Abolishing the carbon tax would be the swiftest contribution government could make to relieving cost of living pressure; it would take the pressure off power prices, gas prices and rates; it would prevent more pressure on transport prices.

Abolishing the carbon tax would make every job in our economy more secure.

It would help to ensure that we keep strong manufacturing, vibrant agriculture, growing knowledge-based industries and a resilient services sector – as well as a mining industry – in a vigorous five pillar economy.

Mr President, Australians understand that a tax reduction to compensate for a tax increase is not a real cut; they know that the only sustainable tax cuts are based on a permanent decrease in the size of government or a permanent increase in the wealth of our nation.

Under the Coalition, there will be tax cuts without a carbon tax because we'll find the savings to pay for them.

The Howard government turned a $10 billion budget black hole into consistent surpluses averaging almost one per cent of GDP; it turned $96 billion in net Commonwealth debt into $70 billion in net assets.

The Coalition identified $50 billion in savings before the last election and will do at least as much again before the next one.

It's not as if savings are impossible to find.

Why should the government commit nearly $6 billion to power stations that the carbon tax would otherwise send bankrupt rather than just drop the carbon tax?

Why spend billions to put people out of work rather than into it?

Why does the Defence Materiel Organisation need 7000 bureaucrats especially when major equipment purchases are being put off?

Why does Australia need to spend millions to join the African Development Bank?

Why spend $50 billion on a National Broadband Network so customers can subsequently spend almost three times their current monthly fee for speeds they might not need?

Why dig up every street when fibre to the node could more swiftly and more affordably deliver 21st century broadband?

Why put so much into the NBN when the same investment could more than duplicate the Pacific Highway, Sydney's M5 and the road between Hobart and Launceston; build Sydney's M4 East, the Melbourne Metro, and Brisbane's Cross City Rail; plus upgrade Perth Airport and still leave about $10 billion for faster broadband?

And why spend another $1.7 billion on border protection cost blow outs because the government is too proud to admit that John Howard's policies worked?

Mr President, the Treasurer boasts that our economy will be 16 per cent bigger by mid 2014 than it was in mid 2008 before the Global Financial Crisis.

What he doesn't mention is that over the previous six years growth was 22 per cent; and over the six years before that – spanning the Asian Financial Crisis, the Tech Wreck and September 11 – the Howard government achieved growth of 26 per cent while still implementing far-reaching economic reforms like the GST.
Strong economic growth will be the over-riding aim of the next Coalition government; we've done it before and can do it again.

We'll cut business red tape costs by at least a billion dollars a year by requiring each government agency to quantify the costs of its reporting and compliance rules and delivering an annual savings target.

Public service bonuses won't be paid unless these targets are met.

There'll be a once-in-a-generation commission of audit to review all the arms and agencies of government to ensure that taxpayers are getting good value for money.

We will respond carefully but decisively to the problems that the community has identified in the Fair Work Act so that small businesses and their staff can get a fair go and our productivity can increase.

We'll restore the Australian Building and Construction Commission, the successor of the Cole Royal Commission which I established, as a strong cop on the beat and the guarantor of $6 billion a year in productivity improvements in a vital industry.

And Mr President, where union officials and business people commit the same offence they should face the same penalty; what's more, unlike the government, we didn't need the Fair Work report into the Member for Dobell to realise that some unions are corrupt boys clubs.

We'll work with the states to put local people in charge of public schools and public hospitals because they should be as responsive to their patients and to their parents as businesses are to their customers.

Our objective is to bring to the running of public schools and hospitals the “have a go mindset” that the move to the Job Network, that I oversaw, brought to employment services under the former government.

Mr President, the Coalition wants more Australians to be economic as well as cultural contributors.

That's why work-for-the-dole, or some other serious undertaking, should be mandatory for long-term unemployed people under 50.

Welfare quarantining for long term unemployed people should be extended from the Northern Territory to the rest of the country.

Where unskilled work is readily available, unemployment benefits should be suspended for fit people under 30 – as recommended by Warren Mundine, a former Labor Party National President.

And yes, there will be a fair-dinkum paid parental leave scheme, giving mothers six months at full pay with their babies, to bring Australia into the 21st century, finally, and to join the 35 other countries whose parental leave schemes are based on people's pay.

Parental leave is a workplace entitlement not a welfare benefit so should be paid at people's real wage, like sick leave and holiday pay.

Plus there'll be a Productivity Commission inquiry to consider how childcare can be made more flexible and more effective, including through in-home care, so that more women can participate in a growing economy if that's their choice.

I will continue to work with Noel Pearson to help shift the welfare culture that's sapped Aboriginal self-respect and with Twiggy Forrest to get more Aboriginal people into the workforce.

I will keep spending a week every year volunteering in Aboriginal communities and I hope that a tribe of public servants will soon have to come with me to gain more actual experience of the places we are all trying to improve.

That's what good social policy does: it empowers people to make the most of their lives and to prove to themselves what they can do rather than what they can't.

That way, it reinforces good economic policy.

Mr President, in a productive and competitive economy, it should be easier to get things built, provided they meet the best environmental standards – so the Coalition will allow the states to be a one-stop-shop for environmental approvals.

The Coalition will reward conservation-minded businesses with incentives to be more efficient users of energy and lower carbon emitters.
Our policy means better soils, more trees and smarter technology – unlike the carbon tax which is socialism masquerading as environmentalism.

There will be a standing Green Army, an expanded version of the Green Corps that I put in place in government, to tackle our landcare problems so that beaches and waterways can be cleaner and land more productive.

The next Coalition government will fund infrastructure in accordance with a rational national plan based on published cost-benefit analyses.

We'll also find the most responsible ways to get more private investment into priority projects so that the new roads, public transport systems and water storage that we need aren't so dependent on the taxpayer.

Mr President, too often, government's focus is on the urgent rather than the important; on what drives tomorrow's headline rather than on what changes our country for the better.

We are supposed to be adapting to the Asian century, yet Australians' study of foreign languages, especially Asian languages, is in precipitous decline.

The proportion of Year 12 students studying a foreign language has dropped from about 40 per cent in the 1960s to about 12 per cent now.

There are now only about 300 Year 12 Mandarin students who aren't of Chinese-heritage.

Since 2001, there has been a 21 per cent decline in the numbers studying Japanese and a 40 per cent decline in the numbers studying Indonesian.

If Australians are to make their way in the world, we cannot rely on other people speaking our language.

Starting in pre-school every student should have an exposure to foreign languages.

This will be a generational shift because foreign language speakers will have to be mobilised and because teachers take time to be trained.

Still, the next Coalition government will make a strong start.

My commitment tonight is to work urgently with the states to ensure that at least 40 per cent of Year 12 students are once more taking a language other than English within a decade.

Mr President, the Coalition can find responsible savings to cover tax cuts without a carbon tax and emissions cuts without a carbon tax because, at least until the budget has returned to strong surplus, our plan for a stronger economy and a fairer society involves more efficiency rather than more spending.

Mr President, there is little wrong with our country that a change of government wouldn't improve.

On day one, a new government would order the carbon tax repeal and accept Nauru's standing offer to reopen the detention centre.

Within a week, the navy would have new orders to turn around illegal boats.

Within a month, the commission of audit would be making government more efficient.

Within three months, the parliament would be dealing with carbon tax, mining tax and border protection legislation.

Within a year, national infrastructure priorities would be agreed and there would be more cranes over our cities.

Every day, with every fibre of my being, I would be striving to help Australians be their best selves.

Mr President, as someone whose grandparents were proud to be working class, I can feel the embarrassment of decent Labor people at the failures of this government.

As Ben Chifley famously said, the goal of public life, our “light on the hill” should not be making someone prime minister or putting an extra sixpence in people's pockets but rather “working for the benefit of mankind, not just here but wherever we can lend a helping hand”.

I regret to say that the deeper message of this week's budget is that the Labor Party now only stands for staying in office.

Everyone knows that the Prime Minister is a clever politician but who really trusts her to keep any commitments?
She said she'd never challenge the former Prime Minister but did.

She said there'd never be a carbon tax but has imposed one because, she claimed, the Greens made her do it.

The Prime Minister told Andrew Wilkie: “there will be mandatory pre-commitment under the government I lead” but now tells clubs and pubs “there will be no mandatory pre-commitment under the government I lead”.

This week, the Prime Minister and the Treasurer have constantly invoked Labor values.

Were they Labor values the Prime Minister showed in carpet-bombing Kevin Rudd's reputation; or in turfing Harry Jenkins as speaker for Peter Slipper; or in protecting Craig Thomson, the Member for Dobell, to this very day despite Fair Work Australia's findings?

Because by a government's actions will its values be judged.

Budget week hasn't just been about the budget – under the circumstances how could it be; it's been about the Prime Minister's integrity and judgment.

As long as Labor keeps voting in this parliament to protect the Member for Dobell and keeps paying his legal fees, his suspension from the caucus won't end the sleaze factor paralysing this government.

Decent Labor people shouldn't be bluffed by the deal with independents into keeping a leader who is trashing a once honourable political party.

Before this government dies of shame, it should find a leader who isn't fatally compromised by the need to defend the indefensible.

Then this parliament can once more be a proper contest of ideas between those who see bigger government and those who see empowered citizens as the best guarantee of our nation's future.

As budget week has demonstrated, minority governments are too busy managing the parliament to manage the economy properly. While they're surviving, not governing our country is drifting, not flourishing.

With each broken promise, with each peremptory change, with each tawdry revelation, with each embarrassing explanation, the credibility of this government and the standing of this parliament is diminished.

But a shrunken government diminishes us all; that's why our country needs a change.

I want to reassure the people of Australia that it does not have to be like this; we are a great people let down by bad government that will pass.

There is a better way.

The Coalition stands ready to restore hope, reward and opportunity so that, once more, all Australians can face a bright future with confidence.

Senator MILNE (Tasmania—Leader of the Australian Greens) (20:00): I rise to respond to the federal budget 2012-13 and, in so doing, I pose the question: what is the role of a federal budget? Is the budget just a spreadsheet of numbers, dollar figures, where some allocations go up and down? Have we come to the view that the federal budget is only an event where we gather to find out who are the winners and who are the losers, who will receive the cheques in the mail? Is it now a reflection of the massive ideological shift described by Eva Cox as a shift 'from the politics of social change to the veneration of the market that focused on an economy of individuals', rather than a society working together for better outcomes for all of us collectively? Is it an occasion for a managerial report on our economic credit card and its status on the debt-to-surplus trajectory, reporting that it is in the black while hiding behind our backs the ecological and social credit cards that we have put into debt to achieve that black line?

The federal budget is the most value laden document a government produces. It is the economic tool that underpins and enables the government's hopes, aspirations and priorities for the nation. Through the
numbers, we should be able to see what the
government think about our place in the
world; about the global and national
challenges facing our people, our society and
our environment now and into the future; and
about how to respond to those challenges
immediately, over the forward estimates and
beyond. Unless the numbers tell a strong,
clear, consistent story, people are left
wondering what the government stands for:
where is the nation heading?

In Tuesday's budget, we saw from the
government a fundamentally confused and
internally conflicted picture. Having said
that, what we just saw from the Leader of the
Opposition's reply to the budget was a
picture of irritating static and no ideas for the
future. On Tuesday night, we saw a
government that wants to make Australia the
country of the fair go by handing out cost-of-
living payments while at the same time
cutting benefits to single parents and saying
it cannot afford to increase support to our
poorest, most vulnerable people to help lift
them out of the cycle of debt and
unemployment.

We see a government that wants
Australians to be healthier, working with the
Greens—at the Greens' instigation—to get a
serious downpayment towards a national
universal dental care scheme. But, at the
same time, the government could not find
$340,000 to support the successful Bsafe
domestic violence program to assist women
and children who are at risk of domestic
violence to remain safely living in their
communities.

We see a government moving to tackle
accelerating global warming—that huge,
overarching challenge that confronts us this
century—by introducing, as a result of the
agreement with the Greens, a legislative
package that will for the first time ever see
polluters paying for the damage they do and
investing revenue in clean renewable energy,
helping householders and businesses to cut
wasteful energy use, and supporting
Australians to meet rising costs. It is the first
time we are seeing a shift in the taxation
system to shift responsibility for pollution
and inefficient resource use and take it off
personal income. That is the 21st century way
in which we are going to address the
sustainability crisis. At the same time,
however, this budget allocates yet more
billions to the fossil fuel companies, causing
the problem in handouts to make diesel
cheaper, to make mining cheaper and to help
them export more and more polluting coal,
every tonne of which comes back to us in the
form of worse floods, more intense fires,
cyclones and drought. We are on track for an
increase of at least four degrees of global
warming because of what we are doing.

We see a government that wants to invest
in building a better future for us all; but, in
the middle of a boom, holding the purse
strings of the most robust economy in the
world, it is saying, 'Sorry, we can't afford
long-term investment in nation-building right
now.' That long-term investment is needed to
prepare the nation and get it moving away
from the resource based economy it is
dependent on and towards a creative, brain
based, service and information based
economy.

There is a better way, and it is about
understanding that we live in a society, not
an economy. It is about appreciating that the
economy is a tool for the benefit of our
society, for the health of our community and
for guiding our relationship with the
environment that sustains us. If we sacrifice
our welfare, our health and our future on the
altar of one economic measure, we have
fundamentally misunderstood why we
humans created this idea that we call 'the
economy' in the first place. This is especially
so if the economic tools actually measure the
wrong thing. For instance, this budget contains forecasts for gross domestic product; that is the metric by which the government's success in managing the economy is currently judged. But the GDP is quite inadequate for this task. It covers only market activities, excluding work done in the home and by community volunteer groups. GDP makes no allowance for how income is distributed across society. It does not capture the health or happiness of our people or the quality of our environment. As Robert Kennedy put it:

… it measures everything in short, except that which makes life worthwhile.

What we need are genuine progress indicators. We need a significant shift in how we measure and report to the nation. The Treasury actually has a wellbeing framework—not that anyone in Australia would know that—

which looks not just at consumption possibilities but also at the distribution of opportunities. It looks at sustainability, it looks at the risks being borne by the community and also it looks at the complexity of life. The government should put more resources into constructing broader measures of economic wellbeing which capture these measures.

A summary measure of social progress that tells us whether quality of life is improving would be very welcome in the Australian community. We already have a national balance sheet, but it should publish an adjusted GDP, for example, which allows for a reduction in the value of our natural resources from mining as well as counting the value of our mining exports. Environmental degradation should also be brought into account. European Commission President José Manuel Barroso expressed the problem when he was calling for relevant measures and said:

We cannot face the challenges of the future with the tools of the past.

Our bank balance as a country, our surplus or our deficit, is important. We can borrow money to invest in a better future, we can put money away for big costs which we know are coming our way, but it is not an end in itself; it is a means to an end. If reaching the surplus this year is going to hurt people who are struggling now, if it has the potential to drive South-Eastern Australia into recession, throwing people out of jobs, if it means we do not make the kinds of investments in health, education and a clean environment which we know we need to make urgently, then now is not the time to reach a surplus. It is not just the Greens saying that; the former Treasury Secretary and Reserve Bank Governor Bernie Fraser described the commitment to deliver a budget surplus next year, irrespective of the economic circumstances, as 'a dud policy'. ANU professor and former Reserve Bank Board member Warwick McKibbin called it 'purely a political decision which could be very dangerous' and Professor John Quiggin described the commitment as 'ill-advised'. Economic journalists have called it 'risky' and 'reckless', as have bank economists, and business spokespeople have made the same comment, including even the CEO of the Chamber of Commerce and Industry, who has said that there is 'no point in pursuing a surplus at all costs'.

There are many paths to a budget surplus, but the Gillard government has no straight path. Its budget is a contradiction that is great for teeth but bad for brains. It sets up some big reforms and ignores others in its drive for the surplus. The surplus is not a vision for the nation; it is not an end in itself. Having said that, the Leader of the Opposition, Tony Abbott, has suggested his path this evening, and it would be a disaster for Australia. It is a straight path to
environmental degradation and wreckage of the economy, since he intends to keep all of the benefits but has not said how he would raise the revenue or the extent to which he would cut the Public Service.

The Greens have a vision for Australia. Ours is a vision for a fairer, cleverer society, a society which understands itself and its place in the world, a society that is truly living within its means. We have a vision of a budget that can make this a reality, paying for vital investment in our future by making our tax base fairer, healthier and more sustainable in all senses of the word.

Looking at the budget delivered on Tuesday night, the first question which comes to mind is: what does it reflect of our place in the world in terms of Australia's place in the Asian century? The Treasurer, Mr Swan, said that Australia's place in the world is being closer than ever to the epicentre of global growth as the weight of activity moves to Asia. Yet as one of the richest nations in the region we have reneged on a global commitment to 0.5 per cent of gross national income in overseas aid by 2015, leaving our nearest neighbours in 18 developing countries, including PNG, East Timor and West Papua, wondering what sort of neighbour we really are in this Asian century in taking $3 billion away from them and, as the peak body for overseeing overseas aid and all the groups associated with it has said, not saving the lives of 800,000 people.

The Greens are opposed to the overseas aid cuts in the budget. As a wealthy nation and one of the few nations within reach of a budget surplus, we have an obligation to meet our international commitments on aid. Having said that, the Leader of the Opposition has also indicated that the opposition will not meet its obligations on overseas aid, and a commitment that has been made by the Leader of the Opposition to 0.5 per cent without a time frame is a completely meaningless and disingenuous statement.

I heard tonight the Leader of the Opposition saying that Asian languages are how he would position Australia in an Asian century. Nobody should believe that, because I can inform the Senate that in 2002 it was Prime Minister Howard who cancelled all the national Asian languages programs in Australian schools. I will say that again: the centrepiece of the Leader of the Opposition's, Tony Abbott's, reply to the budget tonight was an investment in Asian languages. He was here when former Prime Minister John Howard did not see Australia's place in the world as being part of an Asian century and cancelled that. While it is true that many people in Australia do not speak Asian languages, you can point the finger back to the person who cancelled the programs in Australian schools a decade ago.

This budget has also seen the biggest increase to our permanent migration intake since the Second World War, yet the government has again failed to give a fair go to some of the world's most vulnerable people. With the humanitarian intake capped at 13,750 places for the fourth year in a row, it makes up only six per cent of the total migration places compared to 18 per cent under both the Keating and Howard governments. Our reputation in the region is further undermined by our mandatory detention system for asylum seekers, which is so far from the fair go the Treasurer talked about in his budget speech. And we heard tonight from the coalition leader that his vision for Australia in the Asian century is people speaking Asian languages, while they turn the boats back. The government continues to spend billions on offshore processing rather than allowing vulnerable people to live in the community. In fact,
there is a billion dollar blowout in immigration detention centre costs. The average cost of a community release program is $10,400 per person compared to more than $137,000 if an asylum seeker is kept indefinitely in a detention centre. How does this fit with our place in the region? How does it fit with Australia's sudden new commitment of an American base on Australian soil? Having said that, we do welcome the cuts to the defence budget. It is a bold decision by the government and a good decision, even though we would like to see some of deferred projects scrapped or rethought entirely.

What are the challenges in this century? The overwhelming one, as I mentioned before, is climate change and the fact that the planet is reaching its ecological limits in terms of being able to provide natural resources or absorb wastes. The Treasurer referred in his budget speech to Australia needing to live within its means. We agree, but this means living within our ecological means as well. Our fate as a society is intrinsically linked to the health of our environment, including our productive land and biodiversity. I am very pleased that this budget delivers on the Biodiversity Fund and the Carbon Farming Initiative that the Greens negotiated as part of the Clean Energy Package. Last Friday $271 million was announced as being dispersed across the country from the Biodiversity Fund, much of that money going to NRM groups, other community groups and landholders to steward the country. I am also pleased that the second phase of Caring for our Country has been funded, but I am very disappointed that there has been an effective cut to the program by the inclusion of the Tasmanian Forests Intergovernmental Agreement, which ought to have been a one-off on top of that money, and there are other cuts through biosecurity and other measures that have been left in to come out of the Caring for our Country funds.

If we accept that climate change is the major issue that it is, then the budget must demonstrate consistency in addressing the challenges alongside the implementation of the carbon price, and that is missing. There is more than 12 times more spending on roads than rail in this budget. If you are serious about climate change, you have to act on it and you have to take into account peak oil. This is a ridiculous figure. While we welcome the funding for a national transport planning and high speed rail unit—for which the Greens have achieved a $20 million investment—where is the plan for funding the implementation of high-speed rail? You can keep on planning things for years, but where is the money going to come from to deliver it?

There has also been a deferral of funding to upgrade the grid for renewables, and that is out on the never-never. You cannot roll out renewables and energy efficiency if you do not have the money. There has also been the scrapping of the green buildings program. It is quite wrong of the government to think that the carbon price will be enough to drive the greening of commercial buildings, when evidence around the world highlights the array of non-price barriers to this action. We need to provide better incentives. It is also bad faith when an industry which agreed to defer this measure because they wanted to get it right are now being punished for due diligence. This is one aspect of the budget that we are very unhappy with and that we will continue to press the government to address.

In thinking about where our nation will be in another 10 years, consideration of our water resources is essential. Protecting and preserving our precious water is another long-term challenge that we have little faith
this government is committed to addressing in a sustainable way. The Greens will continue to ensure that at least 4,000 gigalitres is returned to the Murray-Darling system. This leads me to mention rural and regional Australia.

The greatest challenge for rural and regional Australia is to lift productivity without access to more land and without access to more water. That means massive investment in research and development. I am pleased there is money for the Beale review but disappointed there is not more R&D money, particularly for the apple and pear industries, which are now having to respond to competition from New Zealand apples. More generally, people in rural and regional Australia need money spent on R&D to lift productivity. They also need an investment in mental health services, because there are huge consequences for individuals and communities in rural and regional Australia, who have very limited access to mental health services, and they are entitled to their fair share.

Any vision for Australia that respects its place in the world has to start with a true reconciliation with our first people. As a nation we were proud of the apology to the stolen generation. We have been proud of the recognition in the Constitution that we are working on for Indigenous people. But the government has outlined a 10-year funding plan for its extension of the Northern Territory intervention and, while long-term funding for community based service provision for Aboriginal communities in the Northern Territory is welcome, it is very troubling that much of that money seems to have been cut from Aboriginal and Torres Strait Islander programs for the rest of the country. Furthermore, the government's funding commitments are made in the context of extending the intervention, particularly income management regimes, and we will continue to strongly oppose those. There is no clarity in this budget on how the government intends to move on reconciliation when there is no new money for Indigenous languages, for example. If we are not addressing one of the fundamental causes of the loss of cultural identity and the ability of people to actively engage through education, how do we as a nation reconcile?

I do want to mention the additional funding for SBS at this point, because this is something that the Greens fought hard for and we welcome, in particular the funding for SBS to establish a free-to-air Indigenous television service with national coverage. SBS has a vital role to play in creating a more coherent and inclusive society. Another incredibly important part of building a society which is confident of its place in the world is investing appropriately in the arts and cultural institutions. The arts tell our story as a nation and I am very pleased that in the budget we have been able to secure $40 million to offset the efficiency dividend so that the National Gallery, the National Museum, the National Library, the Film and Sound Archive and other cultural institutions have been protected from ongoing cuts.

How do we pay for nation building if we are going to invest for the longer term? A fair country ensures sufficient revenue through progressive taxation that benefits the whole community. In this budget the government took notice of the Greens and abandoned its tax cuts for big business, but we would like to have seen that money invested in long-term, permanent, systemic change, not just the old solutions of cash handouts and funding the surplus through cuts to social services and to service delivery. Big reformist investment in education, innovation, clean energy and infrastructure needs to be made and we have to raise money, and the Greens are the only party in here with a revenue-raising proposal.
We have sought that from the coalition and they have failed very badly. We would have supported a company tax cut for small business and we still will. We will have a good look at the loss carry-back scheme proposed in place of the tax cuts, and we want to talk to small business about how that might work.

We also support the National Disability Insurance Scheme and we welcome the billion-dollar investment in the first stage, but we ask the government and the coalition: where is the money coming from to roll it out in full? That is why you have to be prepared to raise money. The Greens would have supported a properly applied and developed mining tax. We would have abolished the diesel fuel rebate and other concessions for the mining industry. We would have introduced a millionaires tax similar to that supported by President Obama and championed by the new President of France but rejected by the government.

The Greens want a fairer society and we are worried by the increasing inequality in our community. We were pleased to be able to secure from the government the new dental reform, a reform that actually addresses the waiting lists. The $345 million for a public dental waiting list blitz that will help 400,000 Australians is extremely welcome and we look forward to working with the government to bring permanent change, because permanent Denticare, like Medicare, is something this nation needs if it is going to offer equal access to good health to all.

This budget contains other elements of fairness but they are undercut by a lack of consistent vision. For example, we welcome the additional support for families, but it is delivered on the back of cuts to support for single parents, which we will oppose. With its measly $210 allowance, the government gives the perception of caring for those people on income support, but what is needed is a $50 a week increase in Newstart and increases in other payments to help people get out of poverty.

The Greens remain committed to a vision of Australia that includes addressing and relieving poverty. It is unclear to the Greens from this budget whether the government actually shares that vision of addressing poverty. It is my view that Australians are anxious that they are not keeping up with the demands of modern life. I do not believe people are aspiring to be wealthy; they just want a better quality of life and they want to be confident that they are not being left behind. Cash handouts do not relieve that anxiety. They actually increase and entrench it by cementing the feeling people have that they are struggling but only being given temporary, one-off relief. And it plays straight into the fear campaign of the Leader of the Opposition, Tony Abbott, which is responsible for so much of the nervousness and discomfort in Australian society. What is needed is system-wide, long-term change which guarantees high-quality education and health services for all, adequate support for the unemployed and for people with disabilities, no matter how acquired.

It is for this reason we are disappointed the government has not embraced the Gonski review and committed to the education reform and funding needed to ensure that all students everywhere can access high-quality public education.

We are disappointed that, at a time when we need innovation in our economy, the government is doubling the fees—taking $316 million out of the pockets of students around the country—for maths and science students in universities. We worked hard to secure $54 million for maths and science education. We are pleased we did that, but where is the incentive when university fees
are doubled? The fact is that you cannot be a clever country, you cannot be an innovative country and you cannot change from exporting things you dig up to exporting the product of brain and human capacity unless you invest in education, and that is seriously missing from this year's budget.

I wanted to mention some specific measures. The Greens were pleased to see the doubling of the liquid assets test for people on Newstart. It is something we have advocated for a long time and it is a good, fair initiative from the government. We also welcome the announcement of a National Children's Commissioner to operate under the Australian Human Rights Commission, which my colleague Senator Hanson-Young has been calling for for a number of years. We also welcome the lowering by four-fifths of the number of cigarettes that can be bought duty-free. It is a positive revenue and health measure.

My colleague Adam Bandt, the member for Melbourne, has worked hard with the Greens to ensure that people benefit from the $20 million investment for the restoration and redevelopment of the Royal Exhibition Building in Carlton and $1½ million over four years to roll JobWatch out nationally, giving it a future beyond just supporting Melbourne's workers. This is the type of systemic change that the Greens try to bring about. This is not just about one place; this is about enhancing the environmental and social capital for the nation.

On Tuesday night, Treasurer Swan told Australians:
A surplus provides our best defence against dramatic changes in the global economy.
But my question is: is it a defence against changes in the global environment from which you cannot hide? With respect, this statement is one of the greatest and clearest demonstrations that the Labor Party has its priorities wrong. At the beginning of this century we are in the critical decade for addressing the biggest challenge facing us—that is, how we are going to address climate change in the time frame.

The Greens believe that our best defence against, our best preparation for, dramatic changes in the global environment as well as the global economy is to invest in a healthy, well-educated, fair society. We envisage a society trained and working in a clean economy, transitioned out of fossil fuels to zero net carbon, understanding and valuing our place in the world and accelerating our transition away from a dig-it-up, cut-it-down economy to one which aspires to be a highly productive nation and a socially just, compassionate nation driving substantial social change in the region, assisting with capacity building in the region and driving peace and cooperation in the region—institution of driving climate change, which will lead to so much conflict and movement of people. I conclude by saying that the economy is a tool for the benefit of our society. Only when we embrace that fact will we begin to build the kind of country that we want to live in. The Greens have a very clear vision for that country that we want to live in. We are prepared to work for it, we are prepared to raise the money to deliver it and we are prepared to make long-term investments in nation building as well as long-term investments in moving away, as I said in my opening remarks, from the politics of the veneration of the market that focuses on an economy of individuals, and moving to a society that works together for better outcomes for all of us collectively.

Senator MADIGAN (Victoria) (20:30): I rise this evening to talk about the budget delivered by the government on Tuesday evening. As you are aware, I am the only parliamentary representative of the Democratic Labor Party. As such, my
resources are limited and a complete review of the implications of this budget for my constituents will take some time. However, I do have several issues I would like to bring up with regard the 2012-13 budget. Two days after the budget was handed down there has been plenty said by both sides of this house. For one it is the salvation of the Australian economy; for the other it means sackcloth and ashes for all. Political opinion obviously plays a major part in how the budget is seen, and while I will attempt to be as unbiased as possible, it is my role to mention some of the concerns I and the DLP have with this budget.

It appears that Australia's long-suffering manufacturing sector will have to suffer even longer before it gets any substantial relief. I have struggled to find much in the way of advantage, help, support or even thoughts towards the development of the manufacturing sector, which is crucial in the employment of so many people and for the future of our country. The mining tax is a linchpin of the government's economic figures, and as long as there is a boom that may prove to be a positive thing. However, the money that is raised from this tax is not being poured back into the infrastructure so desperately needed not only to save the manufacturing sector we still have but to encourage the development of new Australian owned and based manufacturing industries.

Regional communities across Australia are feeling abandoned and forgotten by this budget and this government. The introduction of the carbon tax is looming, yet there are no concrete measures in this budget to assist the communities that will be the hardest hit, especially in regions such as the Latrobe Valley in Victoria. An extra few hundred dollars in the year for children's school expenses may be welcomed by some, but for families trying to survive when factories are shutting down around them it is almost a slap in the face.

One area where the government could have made a significant positive impact was in the defence manufacturing area. Unfortunately, with the loss of the Bushmaster contract by Thales Bendigo and the loss of government support for the Tasmanian shipbuilder Incat, the further cut of some $5 billion from defence spending has simply rubbed salt into the wounds. Australia needs a credible deterrent. We can pour billions into inefficient and unreliable wind turbines but not into the material support needed for our defence forces. We can pour more than $44 billion into the National Broadband Network, but we can cut materiel supply to the people who defend our nation. I assume if Darwin is ever bombed again we will be able to see it in superfast broadband time, but there is not much we will be able to do about it.

The wealthy countries of the world manufacture. Manufacturing is the hub around which our economy should be turning. Mining provides great support for the economy, but in the end, if we rely solely on mining, we are simply and literally digging a deeper hole for ourselves. Something must be done. I do not know if the coalition will win the next election, but most pundits suggest they will. At that time, I will be reminding them of their promise to repeal the carbon tax. I will also be pushing for a review of the mining tax to make it fairer and to see the revenue collected by it being used more constructively for the future of manufacturing. In the meantime I hope to work with the government of today to advance the cause of Australian manufacturing.

The Democratic Labor Party attempts to put the community and family first in all things. Whilst examining the figures put out
by the government, I was dismayed to find that a change to the qualifications for the family tax benefit has been made that may affect thousands of Australian families. In last year’s budget the reform of family payments aligned family tax benefit part A with the youth allowance age of independence. The youth allowance age of independence is 22, which meant that family tax benefit part A was payable for students aged under 22. This year the government has changed the age of eligibility for family tax benefit part A to under 18 years of age. Or, if the young person remains in secondary school, family tax benefit part A will be payable until the end of the year in which they turn 19. However, the youth allowance age of independence remains at 22.

Initial reviews appear to indicate that family tax benefit part A payments will not be payable to thousands of 18- to 21-year-old university students who are living at home. These same 18- to 21-year-olds will not be eligible for youth allowance as they are under 22, meaning they are fully dependent on the income of their parents or their own earnings. The only thing many of them can expect from their university years, apart from a hard-won education, is a substantial HECS debt.

If our initial examination of this is correct, then this 'family-friendly' budget looks far less friendly. I have yet to complete a comprehensive review of these figures and will hopefully find it is not quite as bad as it first looks. However, if this is correct, I will be asking for a detailed explanation from the government of how this benefits families who are trying to educate their children at a time when their daily cost of living is about to be hit by the carbon tax. The economy is there to serve the people; the people do not serve the economy.

Debate adjourned.

COMMITTEES

Government Response to Report

Senator McLUCAS (Queensland—Parliamentary Secretary for Disabilities and Carers and Parliamentary Secretary to the Prime Minister) (20:37): I present four government responses to committee reports as listed at item 17 on today’s Order of Business. In accordance with the usual practice, I seek leave to incorporate the documents in Hansard.

Leave granted.

The documents read as follows—

Government Response to the Senate Finance and Public Administration Legislation Committee Report:

Exposure Drafts of Australian Privacy Amendment Legislation: Part 1 – Australian Privacy Principles

May 2012

Summary table of Government response to recommendations

The following tables summarise the Government’s response to the recommendations from the Committee’s report.

Of the Committee’s twenty nine recommendations:

- 4 have been accepted in full;
- 14 have been accepted in principle;
- 1 has been accepted in part
- 6 have been supported; and
- 4 have been rejected in full.

References in this table to chapters and recommendation numbers generally reflect references used in the Committee's report.

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CHAMBER
## Chapter 4: Australian Privacy Principle 1 – open and transparent management of personal information

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## Chapter 6: Australian Privacy Principle 3 – collection of solicited personal information

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### CHAPTER 3 – General issues

#### Recommendation 1

3.30 The committee recommends that the Department of the Prime Minister and Cabinet re-assess the draft Australian Privacy Principles with a view to improving clarity through the use of simpler and more concise terms and to avoid the repetition of requirements that are substantially similar.

**Response: Accept in principle**

The Government will consider options to improve overall clarity. In particular the Government will review the drafting of the Australian Privacy Principles to avoid repetition of requirements that are substantially similar.

#### Recommendation 2

3.32 The committee recommends that reconsideration be given to the inclusion of agency specific provisions in the Australian Privacy Principles in the light of the Office of the Privacy Commissioner's suggestion that agency specific matters should, in the first instance, be dealt with in portfolio legislation.

**Response: Not accept**
The Government does not agree that it is appropriate for all specific agency activities to be included in portfolio legislation. While portfolio legislation will normally provide the lawful authority for an agency to undertake certain powers, functions and activities, it is also necessary in exceptional circumstances to take the additional step of including specific exceptions in the APPs to make clear that specific activities of agencies will not contravene APPs obligations.

Some of the exceptions have been included to provide additional certainty about the operation of the APPs on legitimate activities undertaken overseas, including those in urgent or emergency situations. Others preserve existing exceptions in the Information Privacy Principles (IPPs), eg that enable the collection, use/disclosure etc of personal information for law enforcement purposes.

In the case of the Defence Force exceptions in APP 3(3)(f) and APP 8(2)(i), they are intended to clarify the circumstances where the collection of sensitive information may occur without consent outside Australia, and where personal information generally may be disclosed to an overseas recipient. The Defence Force undertakes a range of activities in other countries that involve the collection and disclosure of personal information (sometimes in remote and emergency situations) and it is important that there is certainty about its ability to undertake these activities without breaching the APPs. For readability purposes, it is also important to clearly outline how these activities interact with APPs obligations.

Similarly, in the case of agencies with diplomatic and consular functions or activities, there are exceptions in APP 3(3)(e), APP 6(2)(f) and APP 8(2)(h), that are intended to clarify that such agencies can collect, use/disclose etc such information both within and outside Australia. Government officials from agencies such as the Department of Foreign Affairs and Trade (DFAT) who are based overseas regularly collect and disclose to their agencies in Australia personal information as part of its diplomatic and consular functions. It would be impractical for DFAT and other agencies to seek the consent of foreign government officials and other individuals, about whom these agencies report to Australia, to collect and disclose their personal information to the Australian Government. Moreover, the act of seeking this consent would undermine the success of DFAT's core operations by revealing to the subject of such information flows that they are occurring. Similarly, it is necessary for government officials based overseas to report to DFAT in Australia in discharging its consular responsibilities, especially in the event of an overseas crisis where overseas officials are expected to assist Australians. The exceptions in APP 3(3)(e), APP 6(2)(f) and APP 8(2)(h) are not new exemptions to existing privacy laws, but seek to clarify the interactions between DFAT's and other agencies' existing functions and the APPs.

As with the Defence Force exception, it is important that there is certainty about the ability of these agencies to undertake these activities without breaching the APPs. For readability purposes, it is also important to clearly outline how these activities interact with APPs obligations. The Government will work with the OAIC to develop appropriate guidelines on the exceptions relating to diplomatic and consular functions and activities.

It is important to note that certain Commonwealth agencies, such as CrimTrac, operate in a unique fashion within the APP framework. In the majority of circumstances, CrimTrac operates as the custodian of personal and sensitive information; it is not the primary collection agencies. The allowances at APP 3(3)(d) will ensure that CrimTrac can continue operating effective national sharing solutions that support law enforcement and policing across Australia, without breach.

On the general exemptions for law enforcement activities, these already exist in the IPPs (eg IPP 10(1)(d) and IPP 11(1)(e). It is important that these are retained to ensure that law enforcement bodies have clarity that the activities they can undertake with personal information at the moment will continue to be the case under the new APPs.

There has been careful consideration given to the inclusion and breadth of agency specific provisions in the proposed APPs and the Government considers that each is justifiable.
Recommendation 3

3.73 The committee recommends that the Office of the Australian Information Commissioner develop guidance on the interpretation of 'personal information' as a matter of priority.

Response: Support

The Government agrees that OAIC guidance on the interpretation of the 'personal information' would be useful in assisting entities and individuals to understand the application and scope of the new definition, especially given the contextual nature of the definition.

The Government encourages the development of appropriate guidance by the OAIC. The Government notes that the allocation of OAIC's resources to develop guidance and its timing is a matter for the OAIC. The Government will encourage the OAIC to liaise with entities in developing guidance.

Recommendation 4

3.90 The committee recommends that the Office of the Australian Information Commissioner develop guidance on the meaning of 'consent' in the context of the Privacy Act as a matter of priority.

Response: Support

The Government agrees that OAIC guidance on the meaning of 'consent' would be useful to provide clarity to entities and individuals about the application and operation of that term. The Government notes that this is consistent with ALRC recommendation 19-1 that also recommends that the OAIC should develop and publish further guidance about what is required of agencies and organisations to obtain an individual's consent under the Privacy Act.

The Government encourages the development of appropriate guidance by the OAIC. The Government notes that the allocation of OAIC's resources to develop guidance and its timing is a matter for the OAIC. The Government will encourage the OAIC to liaise with entities in developing guidance.

Recommendation 5

3.114 The committee recommends that the Government, in consultation with the Office of the Australian Information Commissioner, give consideration to the provision of a transition period for entities to fully comply with the implementation of the new Privacy Act.

Response: Accept

The Government agrees with the Committee that the introduction of the new Australian Privacy Principles will require entities to develop and implement changes to practices and policies.

The Government will therefore consult with the OAIC and other relevant stakeholders in determining an appropriate transition period.

CHAPTER 4 – Australian Privacy Principle 1 – open and transparent management of personal information

Recommendation 6

4.45 The committee recommends that a note be added at the end of APP 1(5) which indicates that the form of an entity's privacy policy 'as is appropriate' will usually be an online privacy policy.

Response: Accept in principle

The Government notes the Committee's concerns on APP 1(5) and will look to develop appropriate amendments to the draft legislation.

The Government also notes that the Committee considered that the provision should be re-drafted to clarify that privacy policies must be available to both individuals and entities (para 4.44). The Government will also look to develop appropriate amendments to the draft legislation on that issue.

CHAPTER 5 – Australian Privacy Principle 2 – anonymity and pseudonymity

Recommendation 7

5.37 The committee recommends that the wording of APP 2(2)(a) be reconsidered to ensure that the exception to the anonymity and pseudonymity principle cannot be applied inappropriately.

Response: Accept in principle

The Government will reconsider the wording of APP 2(2)(a) and consider options to clarify that the 'required or authorised by or under an Australian law' exception applies at the time that
the identification of the individual is required by the entity.

Further, as noted in the Committee's report (para 5.32), the Government accepted an ALRC recommendation (16-2) that encourages the development and publication of appropriate guidance by the OAIC to clarify when an act or practice will be required or authorised by or under law.

The Government notes that the allocation of OAIC's resources to develop guidance and its timing is a matter for the OAIC. The Government will encourage the OAIC to liaise with entities in developing guidance.

CHAPTER 6 – Australian Privacy Principle

3 – collection of solicited personal information

Recommendation 8

6.35 The committee recommends that in relation to the collection of solicited information principle (APP 3), further consideration be given to:

- whether the addition of the word 'reasonably' in the 'necessary' test weakens the principle; and
- excluding organisations from the application of the 'directly related to' test to ensure that privacy protections are not compromised.

Response: Accept in part

The Government does not support the removal of the term 'reasonably' from the 'necessary' test in APP 3.

The requirement on entities to collect only personal information that is reasonably necessary to their functions, requires the collection of personal information to be justifiable on objective grounds, rather than on the subjective views of the entity itself. This is intended to expressly clarify that the test is objective (rather than implied) and to enhance privacy protection.

Making it clear that the necessity of the collection must be reasonable is intended to reduce instances of inappropriate collection of personal information by entities.

The Government notes the Committee's view that it remains to be persuaded that the inclusion of 'reasonably' provides a higher, or even the same, level of privacy protection as the wording in NPP 1. To give reassurance to the Committee, this will be made clear in the Explanatory Memorandum when the final bill is introduced in Parliament.

The Government agrees that the application of the 'directly related to' test to organisations should be reconsidered. The Government will look to develop appropriate amendments to the draft legislation.

CHAPTER 7 – Australian Privacy Principle

4 – receiving unsolicited information

Recommendation 9

7.44 The committee recommends that the term 'no longer personal information' contained in APP 4(4)(b) be clarified.

Response: Accept in principle

The Government agrees that further clarification about the term 'no longer personal information' would be beneficial for entities in applying APP 4.

The Government considers this should come from guidance developed by the OAIC. Such guidance would provide clarification about the process of rendering personal information 'non-identifiable', or the steps necessary to destroy personal information. This flexibility is necessary because de-identification procedures may evolve over time and may differ depending on the form the information is held in (eg electronic v non-electronic). In addition, OAIC guidance will be useful in outlining how to destroy or render non-identifiable personal information that forms part of other information or records (eg historical records).

The OAIC guidance would also be useful in advising about the other elements in APP 4(4) that are relevant to the requirement to destroy or de-identify, ie how to apply the 'as soon as practicable', and 'lawful and reasonable to do so' test in APP 4(4).

The Government notes that this is consistent with ALRC recommendation 28-5 (which the Government accepted) that the OAIC should develop and publish guidance about the destruction of personal information, or rendering such information non-identifiable.
The Government encourages the development and publication of appropriate guidance by the OAIC. The Government notes that the allocation of OAIC’s resources to develop guidance and its timing is a matter for the OAIC. The Government will encourage the OAIC to liaise with entities in developing guidance.

CHAPTER 10 – Australian Privacy Principle 7 – direct marketing

Recommendation 10

10.46 The committee recommends that the drafting of APP 7 be reconsidered with the aim of improving structure and clarity to ensure that the intent of the principle is not undermined.

Response: Accept in principle

The Government notes the Committee’s general concerns about the drafting of APP 7 and will consider options to improve clarity and structure.

Recommendation 11

10.60 The committee recommends that the note to APP 7(1) be redrafted to better reflect the position outlined in the Government response.

Response: Accept in principle

The Government will look to develop appropriate amendments to the draft legislation to clarify the operation of the 'Direct Marketing' Principle to agencies.

Recommendation 12

10.66 The committee recommends that the Australian Information Commissioner develop guidance in relation to direct marketing to vulnerable people.

Response: Support

The Government agrees that OAIC guidance about direct marketing to vulnerable people would be beneficial to entities in understanding their privacy responsibilities when engaging in direct marketing to individuals such as children.

The Government notes that this is consistent with ALRC recommendation 26.7(e) (which the Government supported) that the OAIC should develop and publish guidance to assist organisations in complying with the 'Direct Marketing' principle including ‘the obligations of organisations involved in direct marketing under the Privacy Act in dealing with vulnerable people’.

The Government accepted that recommendation and encouraged the development and publication of appropriate guidance by the OAIC. The Government notes that the allocation of OAIC’s resources to develop guidance and its timing is a matter for the OAIC. The Government will encourage the OAIC to liaise with entities in developing guidance.

Recommendation 13

10.81 The committee recommends that the structure of APP 7(2) and APP 7(3) in relation to APP 7(3)(a)(i) be reconsidered.

Response: Accept in principle

The Government notes the Committee’s concerns about the structure of APP 7(2) and APP 7(3) and the need to consider further simplification of these provisions. The Government will look to develop appropriate amendments to the draft legislation.

CHAPTER 11 – Australian Privacy Principle 8 – cross-border disclosure of personal information and sections 19 and 20

Recommendation 14

11.41 The committee recommends that a note be added to the end of APP 8 making reference to section 20 of the new Privacy Act.

Response: Accept in principle

The Government agrees that there would be benefit in outlining the interaction between APP 8 (cross border disclosure of information) and section 20 (Acts and practices of overseas recipients of personal information). The Government will look to develop appropriate amendments to the draft legislation.

Recommendation 15

11.53 The committee recommends that the Department of the Prime Minister and Cabinet develop explanatory material to clarify the application of the term 'disclosure' in Australian Privacy Principle 8.

Response: Accept

The Government will provide more explanation about the application of the term
'disclosure' in APP 8 in the Explanatory Memorandum of the finalised Bill.

Recommendation 16

11.64 The committee recommends that the Office of the Australian Information Commissioner develop guidance on the types of contractual arrangements required to comply with APP 8 and that guidance be available concurrently with the new Privacy Act.

Response: Support

The Government supports this recommendation and notes it is consistent with the Government response to ALRC recommendation 31-7 that the OAIC should develop and publish guidance on certain matters including 'the issues that should be addressed as part of a contractual agreement with an overseas recipient of personal information'.

The Government encourages the development and publication of appropriate guidance by the OAIC. The Government notes that the allocation of OAIC's resources to develop guidance and its timing is a matter for the OAIC. The Government will encourage the OAIC to liaise with entities in developing guidance.

Recommendation 17

11.103 The committee recommends that, when the Australian Government enters into an international agreement relating to information sharing which will constitute an exception under APP 8(2)(d), the agency or the relevant minister table in the Parliament, as soon as practicable following the commencement of that agreement, a statement indicating:

- the terms under which personal information will be disclosed pursuant to the agreement; and
- the effect of the agreement on the privacy rights of individuals.

Response: Not accept

The Government does not agree that the tabling in Parliament of an international agreement relating to information sharing is warranted.

As noted by the Committee, the Parliament is able to scrutinise treaties through the Joint Standing Committee on Treaties. Lower level agreements are subject to scrutiny and accountability by the Executive.

In some instances, international partners may not enter into agreements where the terms are to be made publicly available. In addition, the provisions of some agreements should remain confidential where disclosure could be reasonably expected to cause damage to international relations, the enforcement of law and protection of public safety.

Recommendation 18

11.105 The committee recommends that further consideration be given to the wording of the law enforcement exception in APP 8(2)(g) to ensure that the intention of the provision is clear.

Response: Not accept

The Government does not consider it necessary to further clarify the law enforcement exception in APP 8(2)(g), which is available to Australian law enforcement bodies for the disclosure of information to overseas bodies 'similar' to Australian law enforcement bodies, where it is necessary for law enforcement activities by, or on behalf or, an Australian law enforcement body.

The Committee noted concerns raised by the OAIC that the term 'similar' could result in the exception being broadly interpreted.

The Government believes the use of the term 'similar' is sufficiently clear and narrow to ensure that an enforcement body can only disclose personal information to an overseas recipient that is a like body. There are additional safeguards that require the enforcement body to 'reasonably believe' that disclosure is 'reasonably necessary for one or more 'enforcement related activities' before disclosure can occur.

Recommendation 19

11.120 The committee recommends that section 19, relating to the extraterritorial application of the Act, be reconsidered to provide clarity as to the policy intent of the provision.

Response: Accept in principle

The Government will look to develop appropriate amendments to the draft legislation to provide clarity as to the operation of proposed s 19 (extraterritorial operation) of the Act.
Recommendation 20

11.133 The committee recommends that the Department of the Prime Minister and Cabinet develop explanatory material in relation to the application of the accountability provisions of section 20.

Response: Accept

The Government agrees that there would be benefit in providing additional explanation about the application of section 20, and will therefore include this in the Explanatory Memorandum to the final Bill when it is prepared.

CHAPTER 12 – Australian Privacy Principle 9 – adoption, use or disclosure of government related identifiers

Recommendation 21

12.33 The committee recommends that the term 'reasonably necessary' be replaced with 'necessary' in APP 9(2)(a), (b) and (f).

Response: Not accept

The Government notes the Committee's view that any exception to the identifiers principle should only be applied where it has been objectively determined that it is necessary for a permitted purpose. The Government believes the inclusion of 'reasonably' in the current wording of the exceptions in APP 9 expressly (rather than impliedly) clarifies that the test for disclosure is objective. This will have the effect of enhancing privacy protection by encouraging more appropriate disclosures of government related identifiers by organisations.

The Government notes the Committee's comments elsewhere in the report about whether the use of 'reasonably' when used with 'necessary' provides a sufficiently high level of privacy protection compared to the existing NPPs, where an objective test is implied. To give reassurance to the Committee, it will be made clear in the Explanatory Memorandum to the final Bill that the use of 'reasonably' is intended to confirm the use of an objective test, and therefore to provide the same level of protection.

Recommendation 22

12.38 The committee recommends that the Office of the Australian Information Commissioner undertake a review of agency voluntary data-matching guidelines, including emerging issues with the use of government identifiers, and that the outcome inform further consideration of the extension of APP 9 to agencies.

Response: Support

The Government believes a review of agency voluntary data-matching guidelines would be a useful basis for any future consideration about APP 9.

The Government notes that the Information Commissioner has an existing function in relation to interferences with privacy to undertake research into, and to monitor developments in, data processing and computer technology (including data-matching and data-linkage) to ensure that any adverse effects of such developments on the privacy of individuals are minimised, and to report to the Minister the results of such research and monitoring (s 27(1)(c) of the Privacy Act).

The Government will encourage the review of agency voluntary data-matching guidelines by the OAIC. The Government notes that the allocation of OAIC's resources to review the guidelines and its timing is a matter for the OAIC. The Government will encourage the OAIC to liaise with entities in reviewing the guidelines.

CHAPTER 13 – Australian Privacy Principle 10 – quality of personal information

Recommendation 23

13.35 The committee recommends that proposed APP 10(2), pertaining to the quality of personal information disclosed by an entity, be re-drafted to make clear the intended use of the term 'relevant'.

Response: Accept in principle

The Government will look to develop appropriate amendments to the draft legislation to make it clear that the 'relevance' requirement in APP 10(2) relates to the purpose of use or disclosure of the personal information.
proposed APP 11(1)(a), pertaining the security of personal information, be provided or a note included in the legislation to explain its meaning in this context.

**Response: Accept in principle**

The Government agrees that further clarity could be provided on the meaning of 'interference' in APP 11(1)(a) and will therefore look to develop appropriate amendments to the draft legislation.

**Recommendation 25**

14.38 The committee recommends that the Australian Information Commissioner provide guidance on the meaning of 'destruction' in relation to personal information no longer required and the appropriate methods of destruction of that information.

**Response: Support**

The Government supports this recommendation and notes that it is consistent with the Government response to ALRC recommendation 28-5 that the OAIC should develop and publish guidance about the destruction of personal information, or rendering such information non-identifiable.

The Government encourages the development and publication of appropriate guidance by the OAIC. The Government notes that the allocation of OAIC's resources to develop guidance and its timing is a matter for the OAIC. The Government will encourage the OAIC to liaise with entities in developing guidance.

**CHAPTER 15 – Australian Privacy Principle 12 – access to personal information**

**Recommendation 26**

15.43 The committee recommends that, in relation to the proposed exceptions provided for in APP 12(3):

- the Australian Information Commissioner provide guidance in relation to the application of the 'frivolous and vexatious' exception (APP 12(3)(c));
- clarity be provided as to the stage at which the negotiations exception in APP 12(3)(e) may be invoked; and
- further consideration be given to the exception in APP 12(3)(j) in relation to commercially sensitive decisions to ensure that the rights currently provided for in the Privacy Act 1988 are not diminished.

**Response: Accept in principle**

The Government agrees that there would be value in providing further clarification about the operation of the exceptions in APP 12(3).

The Government supports the development of OAIC guidance about the operation of the 'frivolous and vexatious' exception to assist in addressing concerns that it may be used to deny an individual access to their own personal information, eg in the circumstances identified in the Committee's report relating to health information or where individuals might be in conflict with a particular organisation. The Government encourages the development and publication of appropriate guidance by the OAIC.

The Government notes that the allocation of OAIC's resources to develop guidance and its timing is a matter for the OAIC. The Government will encourage the OAIC to liaise with entities in developing guidance.

The Government agrees with the Committee's view that further clarity would be beneficial about the stage at which the negotiations exception in APP 12(3)(e) could be invoked. The Government will consider options for providing this additional clarity in the Explanatory Memorandum to the final bill.

The Government agrees that it would be beneficial for further clarity to be provided about the interaction between APP 12(3)(j), 12(5) and 12(9) with a view to ensuring that the rights currently provided for in NPP 6.2 in the Privacy Act are not diminished. The Government will consider how further clarification can be best achieved.

**Recommendation 27**

15.46 The committee recommends that a note be added to proposed APP 12(4)(a) to clarify that a reasonable period of time in which an organisation must respond to a request for access would not usually be longer than 30 days.

**Response: Accept in principle**
The Government considers this would best be achieved through OAIC guidance which notes that, if granting access is straightforward, it would often be appropriate for an organisation to grant access within 14 days, or if giving it is more complicated, within 30 days.

**Recommendation 28**

15.47 The committee recommends that APP 12(8) be amended so that it is made clear that access charges imposed by organisations should only be charged at a level reasonably necessary to recoup costs incurred by the entity.

**Response: Accept in principle**

The Government notes that this provision is based on existing NPP 6.4. There has been no suggestion that, in practice, NPP 6.4 been applied unreasonably by organisations. However, the addition of a new requirement for organisations to make an assessment about charges reasonably necessary to recoup costs would be a useful measure to prevent unreasonable amounts being charged. The Government will make it clear in the Explanatory Memorandum that an excessive charge amount would include recouping costs above the actual amount incurred by the organisation.

**CHAPTER 16 – Australian Privacy Principle 13 – correction of personal information**

**Recommendation 29**

16.34 That the decision to omit the term 'misleading' in APP 13, relating to the correction of personal information, be reconsidered.

**Response: Accept**

The Government notes that the Committee remains concerned about the exclusion of the term 'misleading' in APP 13.

The Government will look to develop appropriate amendments to the draft legislation or include additional explanation in explanatory material. The Government will also consider consistency of terminology with APP 10 which relates to the quality of personal information. Under that APP, entities have to ensure the personal information they use or disclose is accurate, up-to-date, complete and relevant.

**Government Response to the Report of the Joint Standing Committee on Foreign Affairs, Defence and Trade's Inquiry into Australia's relationship with the countries of Africa: Recommendations**

**Government to Government Links**

**Recommendation 1**

The Department of Foreign Affairs and Trade should undertake a comprehensive review of Australia's diplomatic representation in Africa with a view to opening an additional post in Francophone Africa.

The Government agrees with the recommendation of the Committee.

The Government sees value in the establishment of an additional diplomatic post in Francophone Africa. The composition of the network of diplomatic posts overseas is under constant review and the Government will pursue the establishment of a new post in the region as soon as possible.

**Recommendation 2**

The Department of Foreign Affairs and Trade should, pending the implementation of Recommendation 1, increase the number of Australia-based French speaking diplomatic staff in its West African High Commissions. They should have specific responsibility for covering Australia's interests in Francophone West African countries.

The Government agrees with the recommendation of the Committee.

The Government recognises the importance of French-language skills for diplomatic staff at posts in Francophone Africa and has increased the number of French language-designated speaking positions in West Africa. There are now four French language-designated positions in Australia's missions to Abuja and Accra – 50 per cent of Australia's positions to these posts, including the Head of Mission in Abuja. Australia's mission to Paris is now accredited to five African countries which adds further to the number of diplomatic staff with French language skills working in Africa.
Recommendation 3
As a short to medium term measure, the Department of Foreign Affairs and Trade should increase the number of honorary consuls appointed to represent Australia in African countries.

The Government agrees with the recommendation of the Committee.

The Government has appointed four new honorary consuls since the Committee's Inquiry, several others are in the process of appointment and the Government will continue to appoint more where appropriate. There are now five Honorary Consulates operating in Africa: Angola, Botswana, Mozambique, Nigeria (Lagos), and Uganda. One other (Cape Town in South Africa) is temporarily closed and five more (Cameroon, Namibia, Tanzania, Malawi, Zambia) are at various stages in the process of being established.

Recommendation 4
The Government should increase the number of Australian parliamentary delegations to specific African countries particularly to those with increasing significance to Australia.

The Government supports the recommendation of the Committee.

Australia's Aid Program
Recommendation 5
AusAID should provide funding assistance to capacity building programs such as that conducted by the Australian Leadership Program for Africa and similar organisations.

The Government agrees with the Committee's recommendation to support capacity building and leadership development.

AusAID is providing Africans with a range of capacity building and leadership development opportunities in Australia and in Africa. African candidates are eligible to apply for Australian Leadership Awards (scholarships). In 2011, for the first time, 18 African candidates were selected to receive Australian Leadership Awards that will commence in 2012. These are Masters-level courses with an additional leadership component. Australian organisations, including the Australian Leadership Program for Africa, can apply for funding under the Australia Leadership Award Fellowships (ALAF) Program to host fellows from African countries for up to three months for research, training, work attachments and mentoring. In 2011, 98 African candidates were supported through the Program. These and other Australia Awards Alumni are also provided with leadership and capacity-building support upon return to their home country. The Government has committed to offering up to 1,000 Australia Awards per year by 2013.

Recommendation 6
AusAID should increase funding for the Australian Business Volunteers program so that it can expand coverage to African countries.

The Government agrees with the Committee's recommendation.

Australian Business Volunteers (ABV) is part of a consortium - with Austraining International - that is a core partner of the Australian Government's recently launched Australian Volunteers for International Development (AVID) initiative. Through the AVID initiative, AusAID is expanding support for volunteers in Africa including through the ABV–Austraining consortium. Feasibility and planning assessments are currently underway for possible ABV placements in Africa.

Recommendation 7
The Department of Foreign Affairs and Trade and the Department of Resources, Energy and Tourism should establish a special unit tasked with establishing a regulatory framework model for the mining and resources sector which African countries could consider adopting according to their requirements.

The Government agrees with the Committee's recommendation to provide assistance to African countries in mining governance.

On 25 October 2011, at the Commonwealth Heads of Government Meeting, the Prime Minister announced the Government's new Mining for Development Initiative. The Initiative will benefit a range of developing countries, including African countries.

The flagship activity under the initiative, the International Mining for Development Centre, will, amongst other things, assist in capacity building for personnel in developing countries in
the development of regulatory frameworks for application in the mining sector in Africa (and elsewhere).

An additional component of the Initiative is the establishment of a Government Linkages program. This program will enable federal, state and local government agencies to work with counterparts in developing countries, including Africa, to share expertise including on Australian regulatory frameworks and regulations. This will assist African countries establish and refine their own legal mining frameworks.

In addition to this new initiative, the Government, through the Australian aid program, is already providing assistance to support development of regulatory frameworks in Africa's mining sector, including with the assistance of the Queensland and Western Australian State Governments. In 2011, Australia hosted three study tours on mining regulation and governance for 80 African mining officials from 17 countries. Australia also provided 70 short course awards covering a range of mining regulatory issues and is providing technical assistance to a number of countries to assist them reform and strengthen their mining regulatory frameworks.

**Recommendation 8**

DFAT should coordinate regular meetings between AusAID, NGOs, and Australian resource companies engaged in Africa, with a view to facilitating aid and development delivery cooperation to take advantage of their differing and complementary strengths.

The Government agrees with the Committee's recommendation.

The Government, through DFAT and other relevant agencies including AusAID and DRET is presently engaged in dialogue with resource companies and NGOs on their common interests in engagement in Africa. This includes dialogue on future opportunities to work together, where this makes sense.

In its response to the Independent Review of Aid Effectiveness, the Government emphasised that the fundamental purpose of the aid program is to help people overcome poverty. The Government also outlined that the aid program will be delivered through fewer – but larger – programs in fewer sectors. A range of relatively small partnerships with a number of mining companies focussed on areas proximate to their mine sites does not meet the principles outlined in the Government's response to the aid review. The Government nonetheless agrees that there are some opportunities for leveraging development impact through partnerships with the mining industry.

As part of the 'Mining for Development Initiative', the Government announced $22 million for a Community and Social Development program which will support partnerships to improve social, environmental and economic outcomes related to mining in developing countries, including in Africa.

The Government will continue to use events such as Africa Down Under in Perth and the Mining Indaba in South Africa to bring together the government, private, academic and NGO sectors to network and share experiences on development and sustainable mining principles and best practices.

**Education Links**

**Recommendation 9**

AusAID's scholarships program should include providing scholarships to African students to undertake tertiary education in Africa. This could involve study at African universities and at Australian universities with links with Africa such as Monash South Africa.

The Government agrees with the Committee's recommendation.

The Government's Australia Awards (scholarships) Program already provides opportunities for post-graduate in-Africa study, and therefore recognises the sound principle of supporting nationals of a country to study locally and contextualise their studies.

The Program provides a range of post-graduate Short Course Awards (for periods of study, research and work attachment of up to three months) in various technical areas. These courses may be delivered either in Australia or Africa (or a mix of both) through partnerships between Australian registered training organisations and African institutions. The research component of
Masters and PhD Awards (up to 12 months) may also be undertaken in Africa.

One of the aims of the Australia Awards Program is to build links with Australia through providing in-Australia learning opportunities at the post-graduate level. This also assures the quality of the education provided. Post-graduate study is an area of weakness for many African universities. Australia’s tertiary education institutions are highly regarded by African countries as are Australian qualifications.

Recipients of Australia Awards are required to return to their home country on completion of their study program to apply their learning to the benefit of their home country. AusAID maintains contact with Australia Awards alumni and provides them with access to professional development opportunities in-Africa.

Recommendation 10
The Department of Education, Employment and Workplace Relations should:
- establish a Centre for African Studies;
- invite competitive tenders from Australian universities for the establishment of the Centre;
- engage stake-holders and potential partners for the Centre;
- provide sufficient funding so that the Centre can:
  - undertake research, education and training functions;
  - engage with industry;
  - raise the profile of African Studies in Australia; and
  - provide value to both government and non-government end-users.

The Government notes the Committee's recommendation and the recent efforts of Australian universities to improve coordination of educational engagement with Africa through the establishment of an Australia Africa Universities Network.

DEEWR is unable to fund the establishment of a Centre of Africa Studies at this time. Mechanisms and priorities for supporting increased educational engagement with Africa and with other regions and countries will be considered in the development of the five year national strategy to support the sustainability and quality of the international education sector.

Trade and Investment
Recommendation 11
The Government should increase the number of Austrade offices and personnel that are based in Sub-Saharan Africa.

The Government agrees with the Committee's recommendation.

In May 2011 Trade Minister Craig Emerson announced a comprehensive reform of the Australian Trade Commission, Austrade, aimed at better meeting the needs of Australian businesses.

The government recognises that emerging markets across Africa offer growing prospects for Australian businesses. As part of the reform, Austrade will strengthen its presence in Sub Saharan Africa as resources become available.

Recommendation 12
The Department of Immigration and Citizenship should expand the issuing of e-visas across Africa, with priority to establishing the service in countries where there is the potential to expand trade, academic, research and other links.

The Government agrees in principle with the Committee's recommendation.

The Department of Immigration and Citizenship (DIAC) supports the objective of expanding links with African countries through facilitating access to visas. All African countries have access to eVisa facilities for lodgement of applications for Long Stay (Temporary) Business visas and General Skilled Migration visas. In addition, Botswana, Mauritius, Seychelles and South Africa have eVisa access to applications for select student visas.

Fast tracking and label free facilitation arrangements are now in place for low risk applicants such as Government ministers, senior Government officials and senior business people. These applications are processed within 48 hours and without the requirement to supply a passport. These fast arrangements were developed in consultation with Austrade and have been widely
used by Australian mining companies operating in Africa.

Future eVisa access for other types of visas is being considered but will be subject to technical considerations and risk assessment. Assessment of risk is based on a country's visa grant/refusal rates, incidence of visa holders not returning to their countries, overstayer numbers and illegal worker notices issued.

It should be noted that because of high rates of document and identity fraud in various African countries, all applications, whether they are lodged electronically or physically, require the provision of supporting documentation which adds to the time required to process a visa application.

To reduce delays, DIAC has appointed agents in a number of African countries, to accept applications and/or to verify identity. For example, the International Organization for Migration (IOM) has been appointed to provide document verification services in 23 African countries where DIAC does not have offices. A service delivery partner (VFS Global) has been engaged to operate Australian Visa Application Centres (AVACs) in Kenya (Nairobi), Nigeria (Abuja and Lagos), South Africa (Cape Town, Durban, Johannesburg and Pretoria) and Zimbabwe (Harare).

These new arrangements have significantly improved visa processing times and the integrity of the process. Further expansion of these arrangements in Africa is under consideration.

The department is committed to continuing to improve service for all clients and is actively looking at expanding access to online visa services generally.

**Recommendation 13**

The Government should undertake steps for Australia to become an EITI compliant country.

The Government notes the Committee's recommendation.

On 27 October 2011, the Australian Government announced that, in consultation with state and territory governments, industry and non-government organisations, it will undertake a domestic pilot of the Extractive Industries Transparency Initiative (EITI). An Australian EITI pilot will apply the EITI principles to information gathered from governments and a sample of Australian and multi-national companies operating in Australia's extractives sector. The sample will include companies of various sizes extracting a range of commodities from different jurisdictions.

The pilot will enable the Government, civil society and industry to promote international acceptance of the EITI, test the applicability and usefulness of EITI principles in the Australian context, and determine costs and benefits of the EITI approach for the Australian community. The Government will use the results and evaluation of the pilot to determine whether Australia should implement EITI and become an EITI compliant country.

A steering committee of Commonwealth and state and territory governments, industry and non-government organisations' representatives will oversee the pilot's conduct.

The pilot's data collection period of 12 months is scheduled to commence 1 July 2012, after which data analysis, reporting and evaluation phases will follow. The Department of Resources, Energy and Tourism will provide up to $500,000 to fund the EITI pilot.

**Recommendation 14**

The Government should promote corporate social responsibility and continue to promote the Extractive Industries Transparency Initiative principles and other corporate social responsibility instruments to the Australian mining sector, in particular at the Australia Down Under Conference, and especially to new entrants and small operators.

The Government agrees with the Committee's recommendation.

The Government has used events such as Africa Down Under and the Mining Indaba Conference in South Africa to bring together the government, private, academic and NGO sectors to promote and share experience and leading practice on corporate social responsibility (CSR), and other sustainable mining practices and principles and will continue to do so, including by promoting awareness of Extractive Industries Transparency Initiative (EITI) principles.
On 31 August 2011, AusAID organised a social responsibility session as part of the Murdoch University Africa-Australia Research Forum at Africa Down Under which was attended by the private sector, NGOs, academia and government (Australian and African) officials.

The Minister for Foreign Affairs and the Minister for Resources and Energy jointly launched a new handbook on Social Responsibility for the Mining and Minerals Sector in Developing Countries during the Commonwealth Heads of Government Meeting in Perth in October 2011. The handbook was developed by the Department of Resources, Energy and Tourism in partnership with AusAID and in consultation with the Australian mining industry, the Minerals Council of Australia and academia. It is a guide to leading practice in social responsibility for resources companies operating in developing countries, to ensure communities receive long-term benefits from mining. It outlines key considerations for socially responsible mining development for companies operating, or planning to operate, in developing countries and draws on leading practice examples both in Australia and overseas.

**Recommendation 15**

The Government should facilitate contacts between mining sector companies, NGOs, and the broader private sector who are able to assist them in creating and executing corporate social responsibility policies.

The Government agrees with the Committee's recommendation.

As noted in the response to recommendation 14, the Government will continue to use events such as Africa Down Under and the Mining Indaba in South Africa to bring together the government, private, academic and NGO sectors to promote and share experience and leading practice on corporate social responsibility practices.

Furthermore, the Government announced $22 million for a Community and Social Development program as part of the Mining for Development Initiative to support partnerships to improve social, environmental and economic outcomes related to mining in developing countries, including in Africa.

More broadly, the Australian Government has taken action to encourage corporate social responsibility in a number of ways, including through promoting the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and support for the UN Global Compact. These are guidelines for companies committed to sustainability and responsible business practices.

**Recommendation 16**

The Department of Foreign Affairs and Trade should establish, and provide adequate funding for an Australia-Africa Council.

The Government agrees in principle with the Committee's recommendation.

While the Department of Foreign Affairs and Trade has insufficient funding to establish at this time an Australia-Africa Council along lines similar to those currently existing for other countries and regions, the Government will give consideration to establishing a Council in the future.

**Recommendation 17**

The proposed Australia-Africa Council should include within its goals, support for activities that encourage and facilitate cultural interchange and exchange, particularly including the Australian African community.

The Government agrees with the Committee's recommendation.

The establishment of other Foundations, Councils and Institutes by the Department of Foreign Affairs and Trade has been one effective way to develop further cultural interchange and exchange between Australia and other countries. The Government will take this recommendation into account in further consideration on establishment of an Australia-Africa Council.

May 2012

The Government welcomes the Committee's Report. The Committee makes two recommendations about the Australian Crime Commission's practice of varying controlled operations under Part 1AB of the Crimes Act 1914. The Government is pleased to respond to the Committee's recommendations.

Recommendation 1:
The committee recommends that where a variation to a controlled operation authority is sought that would change both the scope and duration of the authority beyond three months, that the scope should be approved internally by the appropriate authorising officer and the change in duration of the controlled operation authority beyond three months should be approved by the AAT.

Recommendation 2:
The committee further recommends that if there are any administrative or legislative impediments to the approach outlined in Recommendation 1, that the Government make appropriate adjustments to administrative arrangements or legislation as necessary to enable such an approach.

Accepted in part

The Government agrees to the approach recommended by the Committee where a variation to the scope of a controlled operation authority does not result in a significant alteration to the nature of the controlled operation.

In accordance with subsection 15GO(5) of the Crimes Act 1914, if the variation to the scope of the authority would result in a significant alteration to the nature of the controlled operation, the appropriate authorising officer cannot approve the variation. In these circumstances, it will be necessary for the law enforcement agency to seek a new authority. No extension to the duration of the original authority will be necessary in such circumstances.

There are no legislative impediments to the approach outlined in Recommendation 1 in relation to variations of controlled operations authorities. The Australian Crime Commission continues to consult closely with the Attorney-General's Department and the Office of the Commonwealth Ombudsman, to ensure that the meaning of 'significant alteration to the nature of a controlled operation' is correctly reflected in relevant administrative procedures.

DOCUMENTS

Tabling

The PRESIDENT: Pursuant to standing orders, I present documents listed on today's Order of Business at item 18 which were presented to the President, the Deputy President and temporary chairs of committees after the Senate adjourned on 22 March 2012. In accordance with the terms of the standing orders, the publication of the documents was authorised.

The list read as follows—

(a) Committee reports


2. Community Affairs Legislation Committee—Report, together with the Hansard record of proceedings and documents presented to the committee—2011-12 additional estimates (received 29 March 2012)

3. Joint Select Committee on Australia's Immigration Detention Network—Final report (received 30 March 2012)

4. Legal and Constitutional Affairs Legislation Committee—Report, together with the Hansard record of proceedings and documents presented to the committee—Crimes Amendment (Fairness for Minors) Bill 2011 (received 4 April 2012)

5. Legal and Constitutional Affairs Legislation Committee—Report, together with the Hansard record of proceedings and documents presented to the committee—Migration Amendment (Removal of Mandatory Minimum Penalties) Bill 2012 (received 4 April 2012)

6. Rural and Regional Affairs and Transport References Committee—Report—Australia's biosecurity and quarantine arrangements—
Interim (received 4 April 2012)
Interim (received 5 April 2012)

Final, together with the Hansard record of proceedings and documents presented to the committee (received 16 April 2012)

7. Rural and Regional Affairs and Transport References Committee—Report—Operational issues in export grain networks—
Interim (received 12 April 2012)

Final, together with the Hansard record of proceedings and documents presented to the committee (received 16 April 2012)


10. Environment and Communications Legislation Committee—Report, together with documents presented to the committee—Broadcasting Services Amendment (Anti-siphoning) Bill 2012 (received 4 May 2012)

(b) Government responses to parliamentary committee reports

1. Legal and Constitutional Affairs References Committee—Final report—A balancing act: provisions of the Water Act 2007 (received 27 March 2012)

2. Legal and Constitutional Affairs References Committee—Report—International parental child abduction to and from Australia (received 30 March 2012)

3. Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity—Report—Inquiry into integrity testing (received 30 March 2012)

4. Environment, Communications, Information Technology and the Arts References Committee—Report—Living with salinity: A report on progress: The extent and economic impact of salinity in Australia (received 12 April 2012)

5. Joint Standing Committee on the National Broadband Network—Report—Review of the rollout of the National Broadband Network (received 16 April 2012)

6. Joint Select Committee on Gambling Reform—First Report—The design and implementation of a mandatory pre-commitment system for electronic gaming machines (received 4 May 2012)

(c) Government documents


3. Department of Finance and Deregulation—Campaign advertising by Australian government departments and agencies—Report for the period 1 July to 31 December 2011 (received 4 April 2012)

4. Australian Communications and Media Authority (ACMA)—National relay service provider performance—Report 2010-11 (received 4 April 2012)

5. Medical Training Review Panel—Fifteenth report (received 5 April 2012)

6. Dairy Produce Act 1986—Funding deed between the Commonwealth of Australia and Dairy Australia Limited, dated 2 April 2012 (received 12 April 2012)

(d) Reports of the Auditor-General

1. Report no. 28 of 2011-12—Performance audit—Quality on line control for Centrelink payments: Department of Human Services (received 29 March 2012)

2. Report no. 29 of 2011-12—Performance audit—Administration of the Australia Network Tender: Department of Foreign Affairs and Trade; Department of Broadband, Communications and the Digital Economy; Department of the Prime Minister and Cabinet (received 3 April 2012)

4. Report no. 31 of 2011-12—Performance audit—Establishment and use of procurement panels: Australian Securities and Investments Commission; Department of Broadband, Communications and the Digital Economy; Department of Foreign Affairs and Trade (received 1 May 2012)

5. Report no. 32 of 2011-12—Performance audit—Management of Complaints and Other Feedback by Department of Veterans’ Affairs: Department of Veterans’ Affairs (received 1 May 2012)

(e) Letters of advice relating to Senate orders

1. Statement of compliance relating to indexed lists of files:
   - Department of Climate Change and Energy Efficiency (with attachment) (received 29 March 2012)

2. Letter of advice relating to lists of contracts:
   - Education, Employment and Workplace Relations portfolio (received 26 April 2012)

(f) Portfolio Budget Statements 2012-13 – Parliamentary departments, portfolios and executive departments, and Portfolio Supplementary Additional Estimates Statements 2011-12 – portfolios and executive departments

In accordance with the usual practice and with the concurrence of the Senate I ask that the government responses be incorporated in Hansard.

The documents read as follows—


Introduction

The Australian Government is committed to the protection and restoration of key environmental assets within the Murray-Darling Basin (the Basin) in a way that optimises economic, social and environmental outcomes for the Basin and for Australia.

The Australian Government's commitment to the Basin involves a number of actions collectively seeking to achieve healthy rivers, strong communities and sustainable food and fibre production, including investment in improving irrigation infrastructure efficiency, purchasing of water entitlements to provide water for the environment, improving the operation of the water market, improving the quality and extent of information on water resource availability and use, and legislative measures.

The making of the Basin Plan, which responds to the needs of the system as a whole, is an important part of these reforms. Sensible reform within the Basin will provide for a healthy river system, strong regional communities and food production.

Response to Recommendations

Majority Report

Recommendation 1

The committee recommends that the Australian Government publicly release the legal advice on the Water Act 2007 provided by the Australian Government Solicitor to the Murray-Darling Basin Authority on 26 November 2010 and 30 November 2010, and any other relevant legal advice, as a matter of urgency.

Not agreed.

The advice in question exposes not only matters in relation to which the Commonwealth could be expected to claim legal professional privilege in any litigation surrounding this scheme, but matters which may have implications for other schemes supported by the external affairs and other powers.

Summary advice regarding the role of social and economic factors in developing the Basin Plan was publicly released by the Minister for Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke MP on 25 October 2010. This advice can be distinguished from other Australian Government Solicitor (AGS) advice as it was prepared on the understanding that it would be publicly released. The advice outlined the extent to which social and economic factors can be taken into account in developing the Basin Plan.
Recommendation 2
The committee recommends that the Australian Government appoint as a matter of urgency an independent panel of legal experts to review all relevant legal advice relating to the Water Act 2007 for the purpose of recommending specific amendments to the Act to ensure:

- the Basin Plan has the security of sound legal underpinnings and certainty for all involved and affected;
- the Basin Plan balances the optimisation of environmental, social and economic considerations; and
- the Murray-Darling Basin Authority and the Minister are granted the discretion to give appropriate weight to economic, social and environmental considerations in order to balance these interests against each other.

Recommendation 3
Subject to Recommendation 2 and following the report of the independent panel of legal experts, the committee recommends that the Australian Government amend the Water Act 2007 as a matter of urgency.

Not Agreed.

The AGS advice released by the Minister on 25 October 2010 confirms that environmental, economic and social considerations are relevant to decisions under the Act, and that in particular development of the Basin Plan can appropriately take these into account. As such there is no need to amend the Water Act 2007 (the Act) to enable consideration of social and economic outcomes.

In addition, the Government notes that under the Legal Services Directions 2005, made by the Attorney-General under the Judiciary Act 1903, constitutional and international law advice to the Government is tied to the Solicitor-General, the Attorney-General's Department, the AGS, and, in relation to some aspects of international law advice, the Department of Foreign Affairs and Trade. As constitutional and international law issues permeate considerations of the Act it would not be appropriate for an independent third party to undertake review of legal advice or recommend amendment to the Act.

Recommendation 4
The committee recommends that the Australian Government take whatever measures are necessary to strengthen the constitutional validity of the Water Act 2007.

Not agreed.

The Government does not consider any measures are necessary to strengthen the constitutional validity of the Act and notes that the Majority Report does not identify any such measures.

Dissenting Report by Government Senators

Dissenting Report by the Australian Greens
The Australian Government notes this report, and provides the following further explanation of its position in relation to taking social and economic issues into account.

In summary, the general purposes of the Water Act and the Basin Plan are:

- to give effect to relevant international agreements,
- to provide for the establishment of environmentally sustainable limits on the quantities of water that may be taken from Basin water resources,
- to provide for the use of the Basin water resources in a way that optimises economic, social and environmental outcomes,
- improved water security for all uses, and
- subject to the environmentally sustainable limits, to maximize the net economic returns to the Australian community.

An objective of the Act and the Basin Plan is to give effect to relevant international agreements, and this reflects the fact that the provisions of the Act relating to the Basin Plan are, to a large extent, supported by the treaty implementation aspect of the external affairs power in the Commonwealth Constitution. The agreements are international environmental agreements including the Convention on Biological Diversity and the Ramsar Convention relating to wetlands.
The international agreements themselves recognise economic and social factors, and their relevance to decision making.

The Act further makes clear that in giving effect to those agreements the Basin Plan needs to optimise economic, social and environmental outcomes. Therefore, where a discretionary choice must be made between a number of options the decision-maker should, having considered the economic, social and environmental impacts, choose the option which optimises those outcomes.

**Australian Government Response to the Senate Legal and Constitutional Affairs References Committee Report:**

International Parental Child Abduction to and from Australia

March 2012

**INTRODUCTION**

On 11 May 2011, the Senate referred the following matter to the Legal and Constitutional Affairs Committee for inquiry and report by 31 October 2011:

The incidence of international child abduction to and from Australia, including:

a) the costs, terms and conditions of legal and departmental assistance for parents whose child has been abducted overseas;

b) the effectiveness of the Hague Convention in returning children who were wrongly removed or retained, to their country of habitual residence;

c) the roles of various Commonwealth departments involved in returning children who were wrongly removed or retained, to their country of habitual residence;

d) policies, practices and strategies that could be introduced to streamline the return of abducted children; and

e) any other related matters.

While the committee's terms of reference were not confined to the issue of international parental child abduction, the Government notes that this issue formed the core focus of the committee's inquiry and recommendations. As such the Government's response is also focused on this issue.

**BACKGROUND**

International parental child abduction (IPCA) occurs where a child is either wrongfully removed from their country of habitual residence or is wrongfully retained outside their country of habitual residence without the consent of both parents and anyone who has parental responsibility for the child. The removal or retention is considered wrongful in that it is a breach of the rights of a person with parental responsibility. Broadly, subsection 111B(4) of the Family Law Act 1975 provides that for the purposes of the Hague Convention on the civil aspects of international child abduction, a parent who has parental responsibility is regarded as having 'rights of custody'.

Commonly it is a parent who has removed or retained the child without the consent of the other parent, however children may also be removed or retained by a grandparent, aunt, uncle or other family member who may have parental responsibility for the child.

Responsibility for providing assistance to parents affected by IPCA is primarily the responsibility of three Commonwealth agencies:

1. The Attorney-General's Department (AGD) is responsible for international child abduction matters arising under the Hague Convention on the Civil Aspects of International Child Abduction (the Convention) as the Commonwealth Central Authority (CCA) for the Convention, and matters arising under bilateral agreements. The AGD also provides financial assistance (both means and merits tested — for both Hague and non-Hague countries) to left behind parents seeking to have their child(ren) returned to Australia.

2. The Department of Foreign Affairs and Trade (DFAT) provides consular assistance (for both Hague and non-Hague countries), travel information, and passport issuance services.

3. The Australian Federal Police (AFP) assists in the prevention of IPCA through management of the Airport Watchlist, and providing assistance in the location and recovery of abducted
children within Australia by facilitating the orders of Australian courts. The AFP also facilitates the promulgation of International Criminal Police Organisation (INTERPOL) Notices and/or Notifications to assist in locating an abducted child and engages with foreign law enforcement agencies. The AFP is the lead agency responsible for the investigation of alleged criminal conduct related to IPCA matters.

**IMPROVING AUSTRALIA’S RESPONSE TO IPCA**

Australia has been a signatory to the Hague Convention since 1986, and has been a strong advocate for the continued uptake of the Convention around the world. The Convention provides a lawful mechanism for the return of wrongfully removed or retained children to their country of habitual residence. Australia recognises that it is in the best interest of children to be protected internationally from the harmful effects of IPCA. The Australian Government also recognises that the Hague Convention alone is not enough, and that more can be done to strengthen Australia’s response to, and management of, this important issue.

For this reason in November 2010 and August 2011, the then Attorney-General, the Hon Robert McClelland MP, sought the advice of the Family Law Council on ways to improve Australia’s management and response to IPCA. The Family Law Council provided their advice on 14 March 2011 and 5 August 2011.

On 19 September 2011, in response to the recommendations of the Family Law Council, the Government announced the development of new legislation to improve Australia’s response to IPCA. These changes include:

- strengthening the criminal offences for IPCA to include the wrongful retention of a child overseas as a criminal offence;
- extending the coverage of the offences to include where a parent attends, or has been invited to attend, family dispute resolution or where the CCA has received an application under the Hague Convention from another country;
- removing potential barriers to the return of children to Australia by providing the Commonwealth Director of Public Prosecutions with the ability to give an undertaking that prosecution will not be pursued if a child is returned to Australia, the latter being to prevent re-abduction of children;
- providing the Family Law Courts with the power to suspend the requirement for child support or maintenance to be paid by left-behind parents whose children have been abducted from Australia; and
- increasing the information gathering powers of Australian authorities to locate children wrongfully removed from or retained outside Australia.

Draft legislation implementing these changes is expected to be introduced in Parliament in the first half of 2012.

**EXECUTIVE SUMMARY**

The Australian Government is committed to improving Australia’s management of, and response to, IPCA. International law generally provides that children should be protected from the harmful effects of wrongful removal or retention across countries, and that the best interests of children are to have long term matters relating to their care and protection determined in their country of habitual residence. In this regard IPCA mainly relates to identifying which jurisdiction should determine the substantive issues relating to the long term care and protection of the child.

It is also recognised that the issue of IPCA is primarily a civil issue between parents, and that the Australian Government’s role and responsibilities in relation to IPCA are limited. However, it should also be noted that removing or retaining a child overseas without the consent of all parties with parental responsibility may also constitute a criminal offence under Australian Law, and that having such laws can prove to be a key prevention mechanism.

The Australian Government supports the majority of the findings of the Senate inquiry, however it is noted that a number of the recommendations made by the Committee will need to be further considered by Government in the context of future Budgetary processes.
The Australian Government's responses to the specific recommendations in the Report are set out below.

**Recommendation 1**

6.11 The committee recommends that the Australian Government should develop a specific prosecution policy for the offences in sections 65Y and 65Z of the Family Law Act 1975; and update the policy as necessary to include guidance on any future amendments to the Family Law Act (including the proposed extension of the offences to wrongful retention and participation in family dispute resolution).

**Response: Accept in Part**

The Australian Government agrees that the investigation and prosecution of IPCA offences under the Family Law Act requires careful consideration, particularly where an application may also have been made under the Hague Convention for the return of a child to their country of habitual residence.

The Government also notes that a key reason for the existence of these offences is to act as deterrent and prevention mechanisms. Without the offences in sections 65Y and 65Z of the Family Law Act, the Australian Federal Police (AFP) would not be able to prevent the removal of children from Australia. It is anticipated that the reforms announced on 19 September 2011 will provide greater flexibility to prevent the wrongful removal of children from Australia, and encourage the return of wrongfully retained children to Australia.

The Government will develop a specific investigation policy for IPCA offences under the Family Law Act. This investigation policy will operate in conjunction with the Prosecution Policy of the Commonwealth which will remain as the primary policy for prosecuting Commonwealth offences, including those relating to IPCA.

The Government will also introduce new legislation providing the Commonwealth Director of Public Prosecutions with the ability to give an undertaking not to prosecute for IPCA offences under the Family Law Act 1975 will not be pursued if a child is returned to Australia under the Hague Convention. It is envisaged the legislation dealing with the function to give an undertaking not to prosecute will list the criteria to be considered in making that decision, including a recommendation from the CCA relating to the offence in light of Australia's obligations under the Hague Convention.

**Recommendation 2**

6.23 The committee recommends that the Australian Government should maintain a 'watching brief on the implementation and impacts of the proposed amendments to the offences in sections 65Y and 65Z of the Family Law Act 1975, and the extension of the offences to parties who are participating in family dispute resolution. In the event that the proposed amendments do not achieve their intended objective, the committee recommends that the Australian Government should reassess the need for the introduction of stronger measures, including the possibility of a stand-alone criminal offence for international parental child abduction.

**Response: Accept**

The Australian Government accepts the recommendation to maintain a 'watching brief on the implementation and impact of the proposed changes to IPCA offences announced on 19 September 2011. It is intended that the legislation implementing the changes to IPCA offences, in line with the recommendations of the Family Law Council, will be introduced into the Parliament in the first half of 2012. The Australian Government will continue to consult with stakeholders in the development of the legislation.

**Recommendation 3**

6.26 The committee recommends that the Australian Government should give consideration to strategies to improve public awareness of the offences in sections 65Y and 65Z of the Family Law Act 1975, including:

- a standard notice in all orders made under Part VII of the Family Law Act about the existence and effect of the offence provisions;
- information about the offences being included in existing Australian Government guidance materials (for example, the Travel Smart booklet published by the Department of Foreign Affairs, and Trade, and in the passport application and renewal process);
conspicuous signage at international departure points (such as airports and sea ports) about the offence provisions; and

- information materials about the offences being made available at community legal centres, legal aid offices, family relationship centres, international departure points and government shop-fronts.

**Response: Accept in Principle**

The Australian Government agrees in principle with the Senate Committee's recommendation to improve public awareness of IPCA, including about possible offences under the Family Law Act. Provision of greater information and public awareness of IPCA could act to deter and prevent parents from abducting their children from Australia, and instead seek advice on proper mechanisms for relocation.

The Attorney-General's Department, as the Commonwealth Central Authority for the Hague Convention, has developed a range of information and guidance materials to raise parents' awareness of IPCA, and mechanisms available to prevent the wrongful removal of children from Australia. It is intended these information materials will be distributed throughout the family law system and will be available from early 2012.

The Department of Foreign Affairs and Trade has undertaken to provide information about IPCA in a range of publications, including through their Smartraveller publications and webpage, the Children and Parental Consent brochure produced by the Australian Passport Office, and in the information pages of future editions of the Australian Passport.

Customs and Border Protection has the capacity to display electronic signage at international airports to improve public awareness of international child abduction. These signs may be displayed on Customs' and Border Protection's electronic signage and visible when passengers are queuing

- for immigration clearance when departing Australia. The signs would be subject to review as part of Customs and Border Protection's regular review of signage to ensure that current priority messages are displayed.

The provision of information about the existence and effect of IPCA offences through a standard notice in all orders made under Part VII of the Family Law Act will require further consideration by Government and consultation with affected agencies, particularly the Family Law Courts.

**Recommendation 4**

6.27 The committee recommends that the Australian Government should investigate the feasibility of incorporating international parental child abduction screening and risk-assessment processes into key stages of a family's post-separation engagement with the family law system.

**Response: Accept**

The Australian Government accepts the Committee's recommendation about incorporating IPCA screening and risk-assessment processes into key stages of a family's post-separation engagement with the family law system.

At the Australian Government Family Law System Conference in February 2009 there was strong support for the development of standard screening and assessment principles and a minimum set of questions for clients entering the family law system. To this end, Relationships Australia South Australia (RASA) has been contracted by the Attorney-General's Department (AGO) to develop a standardised frontline screening to identify safety risks for clients across the family law system. The framework is expected to be developed by mid-2012.

One of the safety risks that will be included within the screening and risk assessment framework will be risk of abduction (domestic or international). While the screening and risk assessment framework will be informed by the latest research and examples of best practice, use of the framework will not be mandatory throughout the family law system. Notwithstanding this, family law system agencies will be able use the framework to inform their own screening and risk assessment practices.

**Recommendation 5**

6.38 In consultation with State Central Authorities, the committee recommends that the Attorney-General's Department should adopt a
coordinated strategy for communications between Australian Central Authorities and applicants in Hague Convention proceedings. The strategy should include provision for the following measures:

- flexible, case-specific communication arrangements, such as enabling applicants to contact the Commonwealth Central Authority directly, rather than the relevant State Central Authority; and
- routine progress updates (such as periodic teleconferences between applicants and case officers in the relevant Australian Central Authority).

**Response: Accept**

The Australian Government agrees that the current system of managing outgoing applicants under the Hague Convention has resulted in unnecessary 'red tape' for left behind parents and duplication between the Commonwealth and State Central Authorities. While it has been general practice that where applicants receive assistance from a State Central Authority (SCA) to prepare their application, the SCA will be the applicant's primary case manager, there is no restriction on applicants in Australia contacting the CCA directly.

Since the end of 2010, the CCA has formally written to all applicants to advise that, while the SCA may be their primary case manager, they may also contact the CCA directly if they choose. An increasing number of applicants are now taking up that invitation to deal directly with the CCA and the CCA is corresponding directly with applicants where this is appropriate.

The Australian Government has also provided funding to International Social Services (ISS) to establish a national legal assistance service for left behind parents. Following changes to the management of outgoing applications in January 2012, parents in Australia will be able to deal directly with the CCA, following some initial assistance from ISS. This change also addresses recommendation 8.

The Australian Government also notes that the assistance provided by SCAs is undertaken on a full fee for service basis, with all costs of such assistance met by the Australian Government. As such any services provided by SCAs funded by the Commonwealth need to reflect the effective and efficient use of Australian Government funds.

**Recommendation 6**

6.43 The committee recommends that the Australian Government should develop a specific and comprehensive online information portal about international parental child abduction to and from Australia.

**Response: Accept in Principle**

The Australian Government agrees that the development of a single specific and comprehensive online information portal about IPCA to and from Australia would be beneficial to families in Australia. Such information is currently provided through a variety of platforms, including through the Attorney-General's Department (the Hague Convention); the Department of Foreign Affairs and Trade (Consular assistance, passport, and travel information); and the AFP (the Airport Watchlist).

**Implementation of this recommendation will be considered when the Budget allows.**

**Recommendation 7**

6.44 The committee recommends that the Australian Government should, in consultation with relevant stakeholders in the legal profession, re-instate and update international parental child abduction resources for legal practitioners, particularly in respect of Hague Convention matters.

**Response: Accept**

The Australian Government agrees that the development of resources for legal practitioners for IPCA matters, particularly in Hague Convention matters, would be beneficial. The Government will provide funding to the Law Council of Australia to develop the resources.

**Recommendation 8**

6.50 The committee recommends that the Australian Government should, in consultation with relevant stakeholders such as International Social Service Australia, investigate strategies to improve the availability and coordinated delivery of support services in international parental child abduction cases, including past-return services.
Response: Accept
The Australian Government agrees that additional resources should be provided to deliver nationally consistent support services for families in Australia in IPCA matters.

To date most applications received by the CCA under the Hague Convention have been prepared with the assistance of SCAB. However such assistance has not been available nationally, with applicants in Western Australia, the Northern Territory and the Australian Capital Territory required to seek assistance through Legal Aid Commission or private lawyers. Additionally, all costs for SCAB to provide assistance to left behind parents, including for both preparing the application and ongoing case management/communication, have been met by the Australian Government. This has resulted in duplication of costs for services to Convention applicants.

To provide a nationally consistent service to left behind parents, the Australian Government has decided to establish a centralised national assistance service for left behind parents dealing with IPCA. For a number of years the Government has provided funding to International Social Services (ISS) to provide counselling and mediation support to families dealing with IPCA. From January 2012 ISS will also receive funding to provide a national service for legal assistance to assist left behind parents to prepare outgoing applications and documentation under the Hague Convention. Left behind parents will thus be able to access legal assistance to prepare their Hague Convention applications and targeted counselling and social support from one service provider. Ongoing case management will be provided directly between the CCA and applicants.

Post-return services are available through Australian Government funded post-separation services such as Family Relationship Centres.

Recommendation 9
6.55 The committee recommends that the Australian Government should continue to:

- support new and existing contracting states to implement the Hague Convention effectively; and
- pursue bilateral agreements, where appropriate, with countries which have not acceded to the Hague Convention, and which are unlikely to do so in the foreseeable future.

Response: Accept
The Australian Government agrees that the Hague Convention should be promoted internationally and that bilateral agreements should be pursued with those countries which are not parties to the Convention.

Australia consistently encourages non-contracting states to accede to the Hague Convention. Australia actively encouraged and provided information and support to both Singapore and Japan prior to those countries announcing their ascension to the Hague Convention.

Australia is also currently actively engaged with a number of countries in the Asia-Pacific region to enter into bilateral arrangements with Australia in relation to IPCA matters, where those countries have indicated an unwillingness to join the Hague Convention.

Recommendation 10
6.61 The committee recommends that the Australian Government should investigate strategies for the periodic collection and analysis by an appropriate government agency, or agencies, of comprehensive statistical data on international parental child abduction to and from Australia.

Response: Accept in Principle
The Australian Government agrees that comprehensive statistical data on IPCA to and from Australia would be of benefit. Currently information about IPCA is only available in relation to applications received under the Hague Convention or requests for consular assistance received by the DFAT.

Implementation of this recommendation will be considered when the Budget allows.

Recommendation 11
6.63 The committee recommends that the Australian Government should review the
continuing appropriateness of the exceptional circumstances requirement in subsection 68L(3) of the Family Law Act 1975, in respect of the appointment of the Independent Children's Lawyer in Hague Convention proceedings before the Family Court of Australia.

Response: Accept
The Australian Government is currently in the process of commissioning research to help inform future policy developments into the role and use of Independent Children's Lawyers in the family law system. It is expected that this research will include consideration of the effect of having an ICL involved in Hague Convention international parental child abduction proceedings.

Government Response Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity (ACLEI)
Report on the Inquiry into Integrity Testing
The Government welcomes the Committee's Report on its inquiry into integrity testing and recognises the Committee's contribution to the further development of the Commonwealth public sector integrity system.

In its report the Committee has recommended that integrity testing be introduced for certain Commonwealth law enforcement agencies. The Committee has also made a number of recommendations regarding the broad scope of integrity testing and high level governance and accountability measures.

The Government is determined to address corruption wherever it may occur. This includes appropriate prevention, detection and investigation measures. It is important to ensure that the suite of existing anti-corruption tools available to law enforcement remain current and that new tools are considered to ensure the high standards expected of law enforcement personnel can be maintained. The Government agrees with the Committee that integrity testing for certain law enforcement agencies should be available in appropriate circumstances.

Work will be done to develop a targeted integrity testing system based on consistent principles. This will also provide flexibility for law enforcement agencies to address the particular circumstances in which they operate. The scope and costs of an integrity testing system will be considered, along with consideration of specific legislative amendments required to support the scheme.

In this context, the Government is pleased to respond to the Committee's recommendations.

Recommendation 1:
The committee recommends that an integrity testing program be introduced for certain Commonwealth law enforcement agencies.

Agreed
The Government accepts the Committee's recommendation, which is supported by views expressed by ACLEI, the Australian Federal Police (AFP), the Australian Crime Commission (ACC) and the Australian Customs and Border Protection Service (Customs and Border Protection) that there would be value from introducing targeted integrity testing for certain Commonwealth law enforcement agencies within the context of the Government's broader integrity framework.

Recommendation 2:
The committee has received evidence about types of integrity testing and recommends that targeted integrity testing be the preferred method.

Agreed
The Government accepts the view that targeted integrity testing would be an appropriate form of integrity testing as it would minimise any negative impact on culture and morale and would be a more resource efficient method than random integrity testing. Targeted integrity testing could be a useful addition to the suite of tools available in investigating corruption.

Recommendation 3:
The committee recommends that an integrity testing program initially apply to law enforcement agencies within ACLEI's jurisdiction.

Agreed
The Government agrees that an integrity testing program should apply to the ACC, AFP and Customs and Border Protection, as the law
enforcement agencies currently under the jurisdiction of ACLEI.

**Recommendation 4:**

The committee recommends that the Integrity Commissioner and heads of agencies under the jurisdiction of ACLEI be given the ability to authorise integrity tests in the course of their investigations into corruption issues.

**Agreed**

The Government agrees that it is appropriate that the Integrity Commissioner or an agency head within the respective agency be responsible for authorising integrity tests in the course of that agency's investigations into corruption issues. The sensitive nature of integrity tests makes it appropriate that approval be given at this high level.

**Recommendation 5:**

The committee recommends that relevant legislation be amended, or if necessary, created, so as to allow covert policing powers to be used for the purpose of targeted integrity testing of an officer or employee of an agency under the jurisdiction of ACLEI, or group thereof, where there are allegations or suspicions of corrupt behaviour.

**Agreed**

The Government will work with the relevant law enforcement authorities to develop legislative amendments that will be required to support integrity testing. As a part of this process, the Government will consider tools already available to agencies as part of their professional standards frameworks, and the extent to which these tools could be supported or expanded through changes to administrative and/or legislative arrangements.

**Recommendation 6:**

The committee recommends that legislative amendments be made mirroring the relevant parts of controlled operations legislation so that the Commonwealth Ombudsman is enabled to provide an annual report to Parliament on the use of integrity testing and associated covert policing powers.

**Agreed in principle**

The Government agrees that any integrity testing scheme should include reasonable and proportionate accountability measures. If regulated covert policing powers are used for the purposes of integrity testing, then existing reporting and accountability mechanisms for the use of those powers would be extended appropriately. These mechanisms include the Commonwealth Ombudsman's oversight role regarding the use of covert policing powers by Commonwealth law enforcement agencies, including ACLEI.

**Recommendation 7:**

The committee recommends that:

- the Integrity Commissioner be notified of any integrity test that is to be conducted by an agency within ACLEI's jurisdiction as well as the outcome of such tests; and
- the Integrity Commissioner may at his discretion be involved in or take control of the integrity test.

**Agreed**

The Government agrees that the Integrity Commissioner should have overall oversight of the Commonwealth's integrity testing regime and should be aware of integrity tests being undertaken within agencies in his or her jurisdiction and their outcomes. It is also appropriate that the Integrity Commissioner have the discretion to be involved in or take control of an integrity test consistently with the Commissioner's powers to deal with corruption investigations within an agency under his or her jurisdiction.

**Recommendation 8:**

The committee recommends that as part of the committee's annual examination of the ACLEI annual report, ACLEI provide a private briefing to the PJC-ACLEI on the number and outcome of integrity tests conducted.

**Agreed**

The Government agrees that it would be prudent to keep the Committee updated on the number and outcome of integrity tests conducted, consistent with the Committee's role in overseeing law enforcement integrity issues. The Government also agrees that such briefings should be private.
AUSTRALIAN GOVERNMENT RESPONSE
TO THE ENVIRONMENT,
COMMUNICATIONS, INFORMATION
TECHNOLOGY AND THE ARTS SENATE
STANDING COMMITTEE REPORT

Living with Salinity—a report on progress

On 17 March 2005, the then Senate Standing Committee on Environment, Communications, Information Technology and the Arts (the committee) was asked to examine the long-term success of the Australian Government programs to reduce the extent and economic impact of salinity. The Senate released the report, Living with Salinity—a report on progress (the report), in March 2006. The Senate Committee report made 23 recommendations:

Senate Committee report Recommendation

1
The committee recommends that the Australian Government and the state/territory governments extend the National Action Plan for Salinity and Water Quality for a further 10 years, with matched funding at least commensurate (on a per year average basis) with the first stage NAP funding. It is recommended that negotiations over the future of the NAP be expedited to provide certainty to regional bodies and other stakeholders. It is recommended that any further consideration of the prioritisation of NAP funds include consultation with the states/territories and the wider community.

Senate Committee report Recommendation

2
The committee recommends that the Australian Government extend the National Heritage Trust for a further 10 years with funding at least commensurate (on a per year basis) with existing funding levels.

Senate Committee report Recommendation

3
The committee recommends that the Australian Government in cooperation with the states and territories continues to give priority to longer—term funding cycles and measures to ensure the continuity of funding so that where existing staff are likely to be continuing in a role there is no break in wages and the organisation’s intellectual capital is not lost.

Senate Committee report Recommendation

4
The committee recommends that the Australian Government work with the state/territory governments and local government peak bodies to ensure that all local governments are adequately educated in, and have access to, salinity management information relevant to their locality. This will include the development of mechanisms to help local governments build and share capacity, knowledge and experience.

Senate Committee report Recommendation

5
The committee recommends that the Australian Government work with the state/territory governments to encourage reform of local government legislation to place a requirement on all local municipalities to align planning decisions with natural resource management principles and priorities.

Senate Committee report Recommendation

6
The committee recommends that the Australian Government work with the state/territory governments to examine the issue of statutory powers for regional bodies to address the current level of confusion between local government and regional bodies.

Senate Committee report Recommendation

7
The committee recommends that the Australian Government, through the Natural Resource Management Ministerial Council, seek greater assurance from the states/territories that land clearing is being effectively regulated. It is recommended that extensions to the NAP funding be conditional on the states/territories meeting more rigorous accountability measures.

Senate Committee report Recommendation

8
The committee recommends that the Australian Government, as a matter of urgency, work in cooperation with the states/territories to implement the Australian National Audit Office’s recommendation to develop corporate governance templates and core training.
The committee recommends that discrete funding be allocated in the new (post-2008) NAP funding for regional bodies to partner in regional scale research to deliver R&D outcomes that are more relevant to their regional priorities and needs. It is recommended that all research proposals be assessed by the newly created coordination body to avoid duplication of research efforts.

Senate Committee report Recommendation 15
The committee recommends that the Australian Government review existing policy mechanisms (tax incentives, MBIs etc) in order to provide a policy environment that encourages and supports the development of new, large-scale sustainable industries that meet NRM priorities.
The committee recommends that updated assessments of salinity risks be undertaken across the states/territories, followed by detailed mapping of high risk areas with particular attention paid to urban environments. It is recommended that priority areas under the NAP be re-assessed in light of the updated assessments.

The committee recommends that mapping is conducted in areas in which salinity is known to be a potential hazard before further urban development is approved in those areas.

The committee recommends that the Australian Government give greater emphasis to urban salinity at a national level by:

- Building links between the administering departments and relevant agencies such as the Department of Transport and Regional Services and the Australian Transport Council
- Supporting research into the development of technologies for managing urban salinity
- Allocating funding to urban salinity in the next salinity program

The committee recommends that the Australian Government in cooperation with the state/territory governments use the accreditation process to ensure that urban salinity is adequately accommodated in regional investment strategies.

The committee recommends that the Australian Government establish a pool of special grants to be made available for local governments to address urban salinity issues. Access to grants will be contingent on a demonstrated willingness to align planning policies and decisions with sustainable natural resource management principles.

The committee recommends that a suitable body such as the Productivity Commission or the Australian Bureau of Agricultural and Resource Economics (ABARE) undertakes a study into the future impacts and costs of salinity on infrastructure in urban and rural environments, and develop a long-term strategy that includes consideration of federal, state and local government levels.

The committee recommends that the Australian Government in cooperation with the states and territories keep a watching brief on the development on the Salinity Investment Framework 3 (SIF3), with a view to potentially implementing it (or a modified version of it) across the country. It is recommended that the framework be applied within the context of the new (post—2008) program(s).

The committee recommends that the Australian Government develops a national policy package to leverage large-scale private sector investment in new, sustainable and profitable solutions.

The Australian Government has considered the recommendations of the Senate Committee report and agreed, or agreed in part, with most of the recommendations. Current arrangements for salinity research coordination (Recommendation 10) are regarded as satisfactory; establishment of a new coordinating body is not seen as a high priority. Recommendation 14 has been addressed through the appointment of additional Landcare facilitators. The government's response to the recommendations is as follows:

Caring for our Country (Recommendations 1, 2 and 3)

The Australian Government disagrees with recommendation 1, and agrees in part with recommendations 2 and 3. The National Action Plan for Salinity and Water Quality (NAPSWQ) ceased on 30 June 2008. The Australian Government...
Government commenced the ongoing Caring for our Country initiative in July 2008, consolidating previous measures including the Natural Heritage Trust and the National Landcare Program.

The design of Caring for our Country reflects the Australian Government's recognition of the need for long term investment in natural resource management and the need to ensure, as far as possible, the continuity of funding to ensure a stable staff structure within regional organisations. All regional natural resource management organisations were provided with secure base-level funding for the five years until 30 June 2013. This commitment provides these organisations with certainty about their operational arrangements and activities, including their staffing arrangements. Caring for our Country funding is also available for other groups through a competitive application process.

Under the Caring for our Country outcomes statement 2008-2013, the Sustainable Farm Practices national priority area aims to assist farmers to improve the condition of natural resources and the ability of ecosystems to provide services including food and fibre. This includes management practices to improve soil condition and manage existing salinity on farm. Activities are eligible for funding to encourage farmers to revegetate salt affected land to help reduce soil loss from wind and water erosion.

In establishing the extent to which support would be provided for salinity in Caring for our Country, the following issues were considered:

- recent research had identified that [in south eastern Australia] salt is confined to specific parts of the landscape, and that not all these salt stores will result in salinity problems
- there has been a failure to include these key research findings in salinity programs and in regional planning in the past
- there is a mistaken assumption that there are economically viable solutions for widespread on farm adoption
- there is a need to provide guidance on the development of more targeted responses,

For example, recent research on the extent of salinity (refer above) conducted by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES; an internal report) demonstrated that ground water levels across eastern Australia had fallen since 2000 as a result of reduced rainfall. Climate change predictions suggest that there will be ongoing reductions in average annual rainfall, further reducing the area considered to be at risk from salinity.

The ABARES report recognised that parts of Western Australia are still severely affected by large scale dryland salinity. Some Western Australian communities have been keen to address salinity through extending deep drainage systems. It is now clear that these drains deliver saline acidic groundwaters, often with high concentrations of dissolved trace metals that can affect soils, waterbodies and aquatic life, and present major treatment and disposal problems. The Western Australian government has reviewed their Salinity Strategy; this includes an assessment of the extent of the threat of salinity and the costs and benefits of key management options. The Western Australian government is yet to respond to the findings of this review.

Salinity management is primarily a state issue. The Caring for our Country initiative is currently being reviewed. The review will examine program options for delivery on the full range of national natural resource management priorities.

Investment, planning and governance (Recommendations 5, 6, 8 and 9)

The Australian Government supports recommendation 5 in-principle. The Australian Government appreciates the importance of aligning planning decisions with natural resource principles and priorities and it supports greater collaboration and coordination between the Australian, state and territory, and local governments in this regard.

Some states are currently working with local municipalities to align planning decisions with natural resource management principles and priorities. The Department of Regional Australia, Local Government, Arts and Sport will take this into consideration in the development of its work.
The Australian Government does not support recommendation 9, as under Caring for our Country, the Australian Government is no longer involved in accreditation processes for regional plans through natural resource management organisations. Caring for our Country invites funding proposals through an annual Business Plan which establishes targets against the published five-year outcomes; this includes regional natural resource management organisations.

The Australian Government appreciates the intention of recommendation 8: Investment principles published in the Business Plan require proposals to be based on the best available science and to build on the collective knowledge of what works best. Proposals are assessed rigorously against these criteria and the contribution that they will make to delivering on the Caring for our Country targets. Proposals that achieve the greatest benefit against Caring for our Country target(s), for every dollar invested will receive a higher priority.

The Caring for our Country Business Plans require that that all proposals identify a strong governance structure for delivery of the project. The 2010-11 Business Plan also allowed non-statutory regional natural resource management organisations to apply to use a portion of their base-level allocation to improve their governance arrangements such as improving decision making, strategic planning or fiscal accountability.

Recommendation 6 is largely a state matter. Whether regional natural resource management organisations have statutory powers depends on the legislative and policy frameworks in each state and territory. Confusion between local government and the regional bodies may be addressed through better communication between organisations. The Caring for our Country and Australian government supported Landcare facilitator network can assist in this process at the local level. Further consideration of the relationship between regional natural resource management planning and local government will be considered in the context of the Caring for our Country review.

Capacity building (Recommendations 4 and 14)

The Australian Government agrees with the principle that all levels of government should have and provide ready access to salinity management information (recommendation 4). The Australian Government will continue to make research findings available to the public.

The Australian Government does not support recommendation 14. The Australian Government is working with state and territory governments and is currently chairing a task group that is identifying issues in building social capacity in natural resource management and will make recommendations for improvement.

Additionally, in June 2009, the Australian Government announced its decision to continue the national network of Landcare facilitators across the 56 natural resource management regions. This reflects the Australian Government’s commitment and understanding of the longer-term need to promote practices that will help secure the resource base and agricultural productivity in the face of climate change.

Policy mechanisms (Recommendation 15)

The government supports this in principle, and through a National Market Based Instrument pilot program, the Australian Government has assisted in the establishment of workable models to achieve natural resources management outcomes. A forum to discuss the results of this pilot project and investigate the implications and future application of market-based instruments in natural resource management was held in July 2011. Caring for our Country provides for the use of market-based instruments to deliver on targets such as Environmental Stewardship where this is the most cost effective option.

The 2010-2011 Caring for our Country business plan provided for projects which address landscape scale conservation through vegetation protection, revegetation and agroforestry, and in 2010 the Australian Government committed to investing $10 million over three years towards the development of a National Green Corridors Plan, to prepare biodiversity and agricultural landscapes for climate change. The plan will consider climate change impacts and adaptation, the identification of critical linkages in the landscape to allow the migration of species, and the protection of natural stores of carbon in native
ecosystems. Through the Clean Energy Future land sector package and Carbon Farming Initiative, the Australian Government is assisting land managers to reduce carbon pollution and participate in the carbon market.

Salinity research (Recommendations 10, 11, 12, 13 and 16)

The Australian Government does not support recommendations 10 and 12. Salinity-related research is undertaken by CSIRO and Geoscience Australia, and some tertiary education institutions. There are adequate linkages between these groups, and establishment of a new independent body to coordinate salinity research is not a priority. Caring for our Country funding is provided for on ground work rather than research.

The Australian Government recognises that there is merit in a comprehensive audit of all salinity-related research and development activities in which the government invests (recommendation 11). The Department of Agriculture, Fisheries and Forestry is bringing together and making publicly accessible the recently completed data sets and reports developed through National Action Plan for Salinity and Water Quality funding (on http://www.daff.gov.au/natural-resources/soil-land-salinity/salinity-mapping/). The earlier information products generated by the National Dryland Salinity Program continue to be available and readily accessible at www.ndsp.gov.au (recommendation 13).

The Australian Government notes recommendation 16. The Caring for our Country initiative is currently being reviewed. The review will examine program options for delivery on the full range of national natural resource management priorities.

Regulation of land clearing— legislation outcomes (Recommendation 7)

The Australian Government recognises the critical role of native vegetation in maintaining biodiversity and ecosystem services including carbon storage, water quality protection, soil stability and reduced wind erosion. The Australian Government agrees in part with recommendation 7: there is a strong need for inter-jurisdictional alignment and cooperation and an effective national framework for managing land clearing. The Australian Government is working with state and territory governments through the Standing Council on Environment and Water on a review of the National Framework for the Management and Monitoring of Australia's Native Vegetation 1999 (Native Vegetation Framework). In addition, Australia's Biodiversity Conservation Strategy 2010–2030 was released on 27 October 2010 by the Natural Resource Management Ministerial Council. Implementation arrangements and accountability measures are key issues in both reviews.

Urban salinity (Recommendations 17, 18, 19, 20 and 21)

The Australian Government agrees in principle with recommendations 17–21. The Australian Government recognises the importance of the issue associated with the impacts of salinity on urban local government infrastructure and revised planning guidelines. While this is a matter largely falling within the responsibilities of state, territory and local governments, the Australian Government has a coordination role between relevant agencies at the national level and through relevant Ministerial Councils.

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) has previously conducted studies into the major impacts and costs of salinity, with a particular focus on public and private infrastructure. This information has been provided to government agencies, local government, rural community groups and others to help develop salinity management plans. Falling ground water levels are thought to have reduced the extent of the problem for some localities in eastern Australia.

Future developments will rely on a coordinated approach, potentially facilitated at a federal level, between regional bodies, local government and the relevant Ministerial Councils to consider long-term strategies.

Salinity investment (Recommendations 22 and 23)

The Australian Government agrees in principle with recommendations 22 and 23. The Australian Government has cooperated with the states in

The Caring for our Country Business Plan encourages the leveraging of private sector and Non Government Organisation investment to deliver natural resources management outcomes.

Joint Committee on the National Broadband Network
Review of the Rollout of the National Broadband Network
Second Report
Australian Government Response to the Committee's Second Report of 24 November 2011
April 2012

INTRODUCTION

In March 2011 the Parliament established the Joint Committee on the National Broadband Network (the Committee) to enable the ongoing parliamentary scrutiny of all aspects relating to the rollout of the National Broadband Network (NBN). The Committee is required to report to the Parliament on the rollout of the NBN on a six monthly basis until the completion of the project.

The Committee has been asked to provide progress reports on:

- the rollout of the NBN;
- the achievement of take-up targets as set out in NBN Co Limited's (NBN Co) Corporate Plan;
- network rollout performance including service levels and faults;
- the effectiveness of NBN Co in meeting its obligations as set out in its Stakeholder Charter;
- NBN Co's strategy for engaging with consumers and handling complaints;
- NBN Co's risk management processes; and
- any other matter pertaining to the NBN rollout that the Committee considers relevant.

On 31 August 2011, the Committee tabled its first report, entitled Review of the Rollout of the National Broadband Network. The government tabled its response to the Committee's first report on 1 March 2012.

On 24 November 2011, the Committee tabled its second report, entitled Review of the Rollout of the National Broadband Network: Second Report. The Committee's second report was informed by four public hearings and public consultation which attracted 38 submissions and 11 exhibits. The report made five recommendations ranging across: reporting arrangements that facilitate comparability of information over time; clearance processes for responding to questions on notice; NBN Co's policy position for the provision of costing extensions to its NBN fibre footprint, especially for regional and remote Australia; NBN Co's plans for community consultation with regional and remote Australia; and improved access for low income households and other disadvantaged groups to the NBN.

BACKGROUND

The NBN will provide access to high-speed broadband to 100 per cent of Australian premises. It will connect 93 per cent of homes, schools and businesses to a high-speed fibre network capable of providing broadband speeds of up to one gigabit per second (Gbps). Seven per cent of premises will be served by a combination of next-generation fixed wireless and satellite technologies providing peak speeds of 12 megabits per second (Mbps).

The NBN will be Australia's first national wholesale-only, open access broadband network offering equivalent terms and conditions to all access seekers or service providers. The Australian Government has established NBN Co to design, build and operate a new high-speed NBN. NBN Co will roll out the network and sell wholesale services to retail service providers. In turn retail service providers will offer retail services to consumers. This is a significant structural change to Australia's telecommunications industry, aimed at encouraging vibrant retail competition.

Planning and construction of the NBN is well underway. On 15 February 2012 NBN Co released an update to its 12-month national rollout schedule. The updated schedule lists the
communities in each state and territory where work on the fibre network will begin before December 2012. The schedule lists 66 sites across Australia containing more than 758,000 premises, where work is completed, underway or due to begin by the end of 2012. This is an increase over the October plan of 191,000 premises across Australia. The schedule shows work commenced in areas to cover 58,000 premises during the previous three months, taking the total premises in areas where work is underway to 121,500. In addition to quarterly updates to the rollout schedule NBN Co also released its three-year indicative rollout plan on 29 March 2012, which will be updated annually until the rollout is complete. The rollout plan will see NBN construction either begin or be completed by mid 2015 for more than 3.5 million homes, businesses, schools and hospitals across Australia.

On 7 March 2012 the Definitive Agreements between NBN Co and Telstra came into force. The Agreements pave the way for a faster, cheaper and more efficient rollout of the NBN. They include the reuse of suitable Telstra infrastructure, avoiding infrastructure duplication and for Telstra to progressively structurally separate by decommissioning its copper network during the NBN rollout. In support of the NBN and the Definitive Agreements, in June 2010 the government made commitments on a package of important measures including:

- new universal service arrangements will be able to commence on 1 July 2012;
- the Commonwealth and Telstra $100 million retraining agreement which will provide Telstra with funding to assist in the retraining and deployment of Telstra staff affected by these reforms;
- payment by the Commonwealth of the cash component of the Financial Heads of Agreement, valued at $190 million post-tax NPV;
- the government declaring that Telstra is not required to provide undertakings about its control of hybrid fibre coaxial (HFC) networks and subscription television broadcasting licences. This means that Telstra will not be prevented from competing for spectrum released as part of the digital dividend; and
- the start of the volume rollout, together with ACCC endorsement of the Migration Plan means customers will need to be advised of their options. NBN Co, in conjunction with industry, will undertake a public education campaign to inform consumers about the progressive migration of services from the copper-based infrastructure to the fibre optic infrastructure.

The Definitive Agreements will mean less disruption to communities, less use of overhead cables and faster access to the NBN for Australians.

AUSTRALIAN GOVERNMENT RESPONSE

The Australian government has considered the Committee's second report and provides the following response to the recommendations.

Recommendation 1

The committee recommends that where possible tables and graphs be used in the Government's Six Monthly National Broadband Rollout Performance Report to enable information to be compared across years.

The government broadly supports this recommendation. Where possible, tables and graphs will be used in the government's six monthly report to the Committee to enable information to be compared across years, and illustrate trends.

These tables and graphs will, for example, summarise information relating to NBN Co's financial results, the number of premises passed, NBN Co's resources and key performance information.

Recommendation 2

The committee recommends that the Department of Broadband, Communications and the Digital Economy review its existing clearance processes for providing answers to questions on notice with the aim of providing answers to questions taken on notice where possible on the notified due date or within a reasonable timeframe thereafter.
The government supports this recommendation.

The department does prioritise its clearance processes for responding to Joint Committee on the National Broadband Network questions on notice. However, depending on the complexity of the question, on some occasions additional time will be required for detailed analysis and or wider consultation prior to finalising a response.

**Recommendation 3**

The Committee recommends that as a matter of urgency, the NBN Co formalise and publicise its policy for the provision of costing extensions to its planned National Broadband Network fibre footprint, especially for regional and remote Australia.

The government broadly supports this recommendation.

The government, through its Statement of Expectations for NBN Co publicly released on 20 December 2010, encourages NBN Co to explore mechanisms for a community to fully or partially fund the extension of the fibre network to cover its location. Premises connected with such community contributions will be accounted separately to the 93 per cent coverage objective. NBN Co should only seek to recover the incremental costs incurred in these extensions.

On 1 February 2012 NBN Co publicly released documents setting out the 'Network Extension Quote Method for the Tasmanian Trial'. This information represents NBN Co's interim network extension policy and methodology followed to develop the quotes to extend the fibre network during the Network Extension trial in Tasmania for selected properties that bordered sites of Triabunna, Sorrell, Deloraine, St Helens and South Hobart in Tasmania. The information is available at www.nbnco.com.au/assets/documents/d-f/foi-no-1112-14-nbn-co--tas-fibre-extension-network-trial-released-l-february-2012.pdf on the NBN Co website.

NBN Co's Network Planning and Design can undertake studies to identify the incremental cost per premises to provide fibre to towns outside the fibre footprint, however the costs for construction are required and preparing these costings around individual propositions is a significant diversion of resources. Therefore, NBN Co is only intending to do costings for locations contiguous with the rollout and when an application under a properly defined process is received. The network extension process needs to be scheduled to fit within the overall construction timetable for an area, preferably around the finalisation of network design documentation, so that the overall costs of network extension on both end-users and the company are minimised and the process is able to be accommodated in an efficient and effective manner.

The precise optic fibre footprints for the NBN will only be known when NBN Co completes detailed suburb-by-suburb, region-by-region network designs. Current maps are high level, indicative only and may change as the rollout progresses. NBN Co's key objective is to cost effectively provide fibre coverage to 93 per cent of premises. Further details on the methodology adopted by NBN Co to determine the fibre footprint is outlined in NBN Co's Corporate Plan.

NBN Co will report on the outcomes of 'network extension' trials including providing information on its website regarding further network extension trials which will inform NBN Co's final policy.

**Recommendation 4**

The committee recommends that NBN Co:

- Finalise and publicise its plans for community consultation with regional and remote Australia
- In its report to the committee include:
  - Details of the progress of its consultation plans;
  - Issues raised; and
  - Numbers of participants.

The government broadly supports these recommendations.

NBN Co has a dedicated team to engage with communities and stakeholders throughout the rollout process and is building relationships with local authorities and utilities to ensure it takes full account of their requirements and develops community understanding of the company's project plan as the project progresses.

NBN Co’s key community relations objectives are to:

- ensure all key stakeholders are identified and engaged in an appropriate, timely and consistent manner, and their needs and interests recognised;
- foster open and ongoing channels of communication with stakeholders during each project phase;
- understand issues and concerns and resolve or escalate them in an appropriate manner;
- provide stakeholders with information about construction and / or environmental impacts that will affect them, and create awareness of mitigation measures to minimise these impacts; and
- educate the community and key stakeholders about the benefits of the NBN.

During the construction phase for fibre serving areas in regional and rural areas NBN Co will:

- place advertisements in local newspapers prior to construction commencement;
- utilise community bulletins and notifications to provide information on specific construction impacts;
- provide information upon semi-completion of work outlining timeframes in which contractors will return to complete work;
- prepare specific site plans to map premises lead-in information and restoration information; and
- notify the community upon completion of the rollout.

NBN Co’s local area activities are being implemented in accordance with the timeline set out in the 12 month rollout schedule NBN Co published on 18 October 2011 and updated on 15 February 2012. The schedule is available on NBN Co’s website at www.nbnco.com.au/rollout/index.html and includes an interactive map developed so that residents can identify the timing and status of their community regarding the rollout. NBN Co will provide quarterly updates to its 12-month national rollout schedule including advice on progress with construction, as well as listing new rollout sites where construction activity will start in the next twelve months. In addition to quarterly updates to the rollout schedule

NBN Co also released its three-year indicative rollout plan on 29 March 2012, which will be updated annually until the rollout is complete. The three-year rollout plan will see NBN construction either begin or be completed by mid 2015 for more than 3.5 million homes, businesses, schools and hospitals across Australia.

The government has agreed that as the NBN is rolled out and to facilitate the migration process, NBN Co will provide the Australian public with information on migration activities which will be developed in consultation with the government, Telstra and the wider industry. The objective of the public education activities will be to ensure to the maximum extent practicable that end users receive advance notice of the planned migration and are familiar with the action required to be taken by them to migrate to the NBN.

The public education activities will provide information concerning:

1. the timing for provision of new services;
2. the nature of the services;
3. the action that the consumer will need to take; and
4. the extent to which existing equipment is reusable, together with the responsibilities of the respective parties (that is, NBN Co, the retail service provider and the consumer) in implementing migration to the new infrastructure.

While NBN Co will be providing the public information on migration activities, it is the responsibility of Access Seekers to make their end-users aware of any impending Disconnection Dates which are applicable to those end-users.

NBN Co has commenced work on three key public outreach campaigns to launch in 2012. These being:
- the Public Education Activity (PEA) (to facilitate continuity of Telecommunication services when the copper network is retired).
- NBN Co is working with government and industry on an appropriate governance and consultation structure for the PEA;
- sectoral benefits campaign beginning with the education sector; and
- a campaign to generate interest in and build understanding of the NBN.

NBN Co continues to engage with state-based NBN taskforces, local government and regional interest groups. As part of N13N Co's regional and rural community engagement it will provide community relations representatives for each site, deliver stakeholder briefings and community information sessions, provide a community information contact line including email address, advertise in local areas, circulate fact sheets and brochures and set-up information displays.

To further support NBN Co's engagement strategy, NBN Co launched two demonstration facilities on 25 November 2011; the Discovery Centre in Docklands, Melbourne and the NBN Co Discovery Truck to travel across Australia.

The Discovery Centre and the NBN Co Truck provide an interactive opportunity for consumers to learn about how the NBN will work and how it can benefit them.

The NBN Co Truck is touring the country as the rollout progresses, visiting Australian towns and communities to inform Australians about how important the NBN will be in their lives. It has a physical mock-up of the NBN equipment being installed in homes to provide visitors a hands-on experience.

As at the end of February 2012, there have been more than 2700 visitors to both facilities. The Truck spent 30 days in Tasmania and covered 23 towns. At the end of February 2012 the truck had been open in Victoria for 13 days and covered 9 towns.

The NBN Co Truck has visited the following towns in Tasmania: Devonport, Deloraine, Launceston, Georgetown, Scottsdale, St Helens, Campbell Town, Triabunna, Port Arthur, Sorell, Rosny Park, Kingston, I luonvi I le, South Hobart, Hobart, Glenorchy, Bridgewater, New Norfolk, Queenstown, Strahan, Zee/Ian, Ulverstone and Penguin. At the end of February 2012, the NBN Co Truck had visited the following nine destinations in Victoria: Bairnsdale, Sale, Morwell, Bacchus Marsh, Warragul, Wonthaggi, Brunswick, Mill Park (South Morang) and Broadmeadows (Tullamarine).

Bookings for the Discovery Centre and the NBN Co Truck can be made via the NBN Co website.

The top three questions asked by visitors are:
- When will I be connected to the NBN?
- How much will my NBN service and installation cost me?
- What technology will I be getting (fibre, fixed wireless or satellite)?

Visitors to date include: Federal and State MPs, journalists, Mayors and Council Staff, seniors, NBN Tasmania Board, Media, Telco/RSP staff, professionals, small business owners, construction workers, health workers, online learning groups, tourists and farmers.

NBN Co is receiving an increasing number of requests from across Australia for visits by the Truck. NBN Co has combined a couple of visits with the fixed wireless and community information sessions and they went very well.

In addition to these activities, NBN Co has provided a call centre 1800 number and public website (www.nbnco.com.au) where the community and stakeholders can contact NBN Co directly with questions, queries, and problems. The engagement model provides a framework for the delivery of engagement activities in a coordinated and aligned manner.

**Recommendation 5**

The Committee recommends that the Department of Broadband, Communications and the Digital Economy and the NBN Co:

- Undertake a study of methods to improve access for low income households and other disadvantaged groups to the National Broadband Network and report its findings to the committee.
- In conducting the study, include examination of community proposals for measures which
would support a basic broadband account and a broadband low income measure scheme.

The government notes these recommendations. The government's objective is that the NBN will provide access to high-speed, affordable broadband for all Australians. As Australia's first national, wholesale-only, open access fixed-line network, the NBN will drive more vigorous competition between retail service providers, leading to better services and more choice for consumers and businesses.

Maintaining pricing parity between metropolitan areas, and regional, rural and remote Australia is a fundamental objective of the government's telecommunications policy. That is why NBN Co is delivering uniform national wholesale pricing within each of the three technology platforms of fibre to the premises, fixed wireless and next-generation satellite. NBN Co will provide a uniform national wholesale access price of $24 per month across all technologies for its basic service of 12 Mbps download and 1 Mbps upload.

As wholesale access is by far the largest single component influencing retail pricing, the government expects this will translate into retail prices that will be affordable. Recently released pricing structures by service providers confirm that current NBN retail service prices compare favourably with prices for ADSL2+ broadband.

The success of the government's approach is demonstrated by the fact that several retail service providers, including Telstra, Optus, iiNet. Internode and several satellite providers, are offering their retail services of improved quality wherever the NBN is available, at prices comparable to current services over DSL.

Retail service providers have announced and continue to announce very competitive pricing for voice and broadband services over the NBN. Telstra has now released its first series of bundled plans that are NBN ready. As part of its pricing announcement on 27 February 2012, Telstra committed to providing its existing suite of voice-only plans on the NBN, including the Homeline Budget, which costs $22.95 per month for those who want a voice only service. The prices of Telstra's NI3N bundles are similar to the ADSL and HFC bundles, but the speeds offered on the NBN can be up to 12 times faster than the average speeds on ADSL for the same price, depending on the bundle chosen.

On 18 October 2011, WhistleOut, a comparison website, released its analysis that showed on the entry-level 12/1 Mbps plans with data allowances of up to 50GB per month, consumers will pay around 24 per cent less on the NBN compared to ADSL2+ services.

The government expects that in future more service providers will release competitive pricing for broadband and voice only services.

The government notes Telstra's ongoing commitment to provide low income measures, and that the Low Income Measure Assessment Committee (LIMAC) will continue working with Telstra to guarantee low income products are offered. Under clause 22 of the Carrier License Conditions (Telstra Corporation limited) Declaration 1997, Telstra is required to:

- have a low-income package in place endorsed by low-income consumer advocacy groups and specified in writing to the Australian Communications and Media Authority;
- have a marketing plan in place for the package, approved by LIMAC; and
- obtain and consider the views of LIMAC on proposed changes to the package.

LIMAC has been an essential bridge between Telstra and advocates for those most in need when it comes to formulating socially-useful telephone products and services. Depending on future arrangements for low-income customers, LIMAC may continue to have a role to play in any future low-income policy arrangements.

The government also recognises that providing universal access to basic telecommunications services is an important social objective. On 21 March 2012, a package of legislative reforms to existing US(.) arrangements, including to establish a new entity, the Telecommunications Universal Service Management Agency (TUSMA) was passed by the Parliament. TUSMA will be responsible for entering into and administering service agreements from 1 July 2012 to ensure voice and payphone services and other public interest services continue to be
available to consumers as the telecommunications industry transitions to the NBN environment.

The government has conducted a review of telecommunications retail price controls which are a key consumer safeguard. They aim to ensure that efficiency improvements are passed through to consumers in the form of lower prices for telecommunications services in markets where competition is not yet fully developed, and also protect the interests of low-income and regional users of telecommunications services.  

Over time, increased competition in an NBN environment is likely to remove one of the main reasons for the existence of price controls—the lack of competitive alternatives to Telstra in parts of the market. NBN Co's Special Access Undertaking (SAU) currently being assessed by the ACCC includes a range of price-related terms and conditions intended to provide the long-term framework necessary for uniform wholesale pricing. This includes an individual price increase limit of half the rate of the CPI over the next 30 years to each of NBN Co's Product Components, Product Features and Ancillary Services. The government anticipates that the level playing field afforded by the NBN will mean that carriage service providers will compete on price and non-price offerings to consumers in a manner that is not possible today.

In such an environment, the market is likely to be more effective in preventing instances of significant price increases, mainly through enhanced choice for consumers. In addition, the ACCC has powers granted under Parts XIB and XIC of the Competition and Consumer Act 2010 to promote and protect competition in telecommunications markets. This includes mechanisms to deal with anti-competitive conduct.

In this context, the government considers there are appropriate regulatory and monitoring mechanisms in place and does not currently consider that a study of methods to improve access for low income households and other disadvantaged groups to the NBN is required.

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1 DBCDE — Retail Price Controls Review Discussion Paper, Q6
2 Media release, Senator the Hon Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, 21 October 2011

**Government Response**

**Joint Select Committee on Gambling Reform Inquiry into Pre-commitment Schemes**

**First Report:** The design and implementation of a mandatory pre-commitment system for electronic gaming machines

The Commonwealth Government (the Commonwealth) welcomes this report and recognises the important work of the Joint Select Committee on Gambling Reform.

For many people, gambling is a form of recreation that is enjoyed responsibly. However, for some people it can be devastating – for them and their families. The Productivity Commission estimates that the social cost of problem gambling in Australia is at least $4.7 billion per year.

Up to half a million Australians are, or are at risk of becoming, problem gamblers. Gambling on electronic gaming machines (EGMs) is significant with Australians spending nearly $12 billion a year on this form of gambling. The Productivity Commission also found that three-quarters of problem gamblers play EGMs.

The Commonwealth is committed to taking action to reduce the harm caused by problem gambling including by implementing pre-commitment technology on all EGMs in Australia.

**Background: the Productivity Commission Inquiry Report into Gambling**

In 2008 the Commonwealth Government asked the Productivity Commission to conduct a follow up inquiry to its 1999 Report into gambling in Australia.

The Productivity Commission conducted an extensive 18 month inquiry with particular consideration of measures to reduce the harm from problem gambling.

The Productivity Commission found that pre-commitment is the most effective way to target...
problem gamblers and at-risk gamblers without impacting upon the wider gambling community.

When the Government released the Productivity Commission's second report in 2010, it indicated its intention to progress a nationally consistent pre-commitment model for EGMs.

The Australian Government also wrote to the State and Territory Premiers and Chief Ministers to establish a new high-level Council of Australian Governments (COAG) Select Council on Gambling Reform to progress a national approach to minimise the harm caused by problem gambling. In May 2011 the COAG Select Council on Gambling Reform agreed to support the required infrastructure for pre commitment in every venue across Australia.

1 Productivity Commission inquiry report into gambling, February 2010

The Commonwealth's reform plan

On 21 January 2012, the Prime Minister announced a comprehensive plan for national problem gambling reform. This reform plan includes Commonwealth legislation to roll-out pre commitment infrastructure on every EGM in the country. The Government also announced its support for a large scale trial of mandatory pre commitment infrastructure on every EGM in the Australian Capital Territory ('ACT') to build the evidence base for mandatory pre-commitment.

This staged, evidence-based pathway to implementing pre commitment reflects the approach recommended by the Productivity Commission.

The Commonwealth will legislate to ensure:

- new machines manufactured or imported from the end of 2013 are pre commitment capable;
- all gaming machines be part of a state-wide pre-commitment system and display electronic warnings by 2016, with longer implementation timelines for small venues; and
- that there be a $250 a day Automatic Teller Machine ('ATM') withdrawal limit for gaming venues (other than casinos) from 1 February 2013.

Further, the Commonwealth recognises that gambling online and sports betting are a growing concern, and has committed to:

- ban the promotion of live odds during sports coverage;
- extend pre-commitment to online betting services;
- crack down on online sports betting companies offering credit and introduce stricter limits on betting inducements; and
- increase the powers of the Australian Communications and Media Authority (ACMA) to enforce these new rules.

These changes will be introduced as separate legislation later in 2012, following the completion of the Review of the Interactive Gambling Act.

A number of non-legislative measures were also announced including:

- supporting a trial of mandatory pre commitment in the ACT, with a legislated review of the trial results by the Productivity Commission;
- fifty new financial counsellors to work with problem gamblers;
- expanding the reach of Gambling Help Online;
- strengthening self-exclusion arrangements; and
- improving training for staff in gaming venues.

The Commonwealth exposed draft legislation on 17 February 2012 and plans to introduce legislation in the Winter Parliamentary sittings of 2012 if support for the legislation is assured.

These Bills will be the first ever national gaming machine regulations. They will make sure that pre-commitment technology is installed on every one of the country's more than 200,000 poker machines. This will mean that the infrastructure is in place to move to a mandatory pre-commitment system, if the results of the trial support it.

Response to Joint Select Committee's Report

The Commonwealth has carefully considered the recommendations of the Joint Select Committee on Gambling Reform in the development of Commonwealth legislation and thanks the committee for its considered report.
The Commonwealth agrees in principle with a significant number of the Committee's recommendations. The Commonwealth's draft legislation prescribes several of the key components of a pre commitment system as recommended by the Committee. In addition, some of the operational features recommended by the Committee will be considered as part of the trial of mandatory pre commitment to inform operational features of a pre commitment system.

Additionally, the Commonwealth provides in principle agreement to the Committee's recommendations for staff training, public awareness campaigns, education and counselling services and self-exclusion arrangements. Many of these recommendations have been accounted for in the non-legislative measures of the Commonwealth's announcement of 21 January 2012.

The Commonwealth acknowledges that the Committee has made several recommendations in areas in which state and territory governments have primary responsibility or where joint effort is required. These recommendations will require further jurisdictional consultation.

**Government Response to the Joint Select Committee on Gambling Reform**

**Inquiry into Pre-commitment Scheme**

**Recommendation Rec 1: EGM numbers**

The committee notes that the number of EGMs and their distribution in any jurisdiction is a matter for state and territory governments to decide and recommends that the proposed reforms should in no way be used as an opportunity to increase numbers or alter distribution.

**Government Response**

**Agree**

The Commonwealth agrees that the number of electronic gaming machines ('EGMs') and their distribution in each jurisdiction should remain the responsibility of state and territory governments.

This is explicit in the Government's draft legislation.

**Recommendation Rec 2: Functions of a national regulator ('fake wins')**

The committee recommends that aligning jurisdictional standards on the issue of 'fake wins' be referred to the national regulatory authority (see recommendation 28) with a view to agreeing a national approach.

**Government Response**

**Matter for jurisdictional consultation**

The issue of 'fake wins' is outside the scope of the Commonwealth's draft legislation.

It is the Commonwealth's preference that the regulation of gaming machines is conducted by state and territory regulators. This includes implementing the provisions in the Commonwealth's draft legislation. The Commonwealth is continuing discussions with state and territory governments to reach agreement on this matter.

Note the comments made in response to recommendations 28 and 29.

**Recommendation Rec 3, 26: Pre-commitment public information campaign**

The committee recommends that the public information campaign on pre-commitment (referred to in chapter six) include other messages connected to pre-commitment including clear and simple messages explaining the Return to Player percentage and the warning signs of problem gambling (rec 3).

The committee recommends the new national regulatory authority be tasked with developing an appropriate national awareness campaign aligning with the principles of the Ottawa Charter, to raise public awareness of pre-commitment (rec 26).

**Government Response**

**Agree in principle**

The Government will consider conducting a public information campaign leading up to and as part of the implementation of state-wide pre-commitment systems.

An awareness campaign will also be part of the trial of mandatory pre-commitment in the Australian Capital Territory ('ACT') which will
inform the public information requirements for the national roll-out of pre commitment.

In relation to information for players about the risks of playing, the Commonwealth's legislation includes requirements for dynamic warnings on EGMs.

The Commonwealth is conducting a trial of dynamic warnings on EGMs with the Queensland Government. This trial will inform the detailed requirements for dynamic warnings to be set in the Commonwealth's regulations.

The states and territories also have regulations requiring the provision of information to players on EGMs and gambling in general. The Commonwealth will work with state and territory governments through the COAG Select Council on Gambling Reform (COAG Select Council) on connecting this type of information and messaging with pre commitment information.

**Recommendation**

**Rec 4: Public health approach**

The committee recommends that in line with the Productivity Commission recommendations a public health approach to problem gambling be adopted across jurisdictions with a view to reducing the levels of problem gambling.

**Government Response**

**Agree**

The Commonwealth Government supports a public health approach.

**Recommendation**

**Rec 5, 6 and 7: Training**

The committee recommends that an independent review of training programs be undertaken to assess whether these are effectively equipping staff with adequate training to apply problem gambling interventions (rec 5).

The committee recommends that industry codes of conduct should include effective protection for venue staff who highlight shortcomings with training (rec 6).

The committee recommends that venue staff receive appropriate training in assisting patrons with pre commitment (rec 7).

**Government Response**

**Agree**

The Government recognises the importance of proper training for staff in gaming venues, especially in implementing a pre commitment system.

Research conducted on voluntary pre commitment trials in Australia has demonstrated that gaming venue staff are integral to ensuring patrons understand how the pre commitment system operates, how to register to use the system and how to set realistic limits.

As part of the national gambling reform announcement of 21 January 2012, the Commonwealth has committed to working with states and territories, through the COAG Select Council, to review and update responsible gambling training in all jurisdictions. This will include a particular focus on staff interaction with players in a pre-commitment system.

The Government further supports this review considering protections for venue staff who highlight shortcomings with training, and the review of training being conducted independently as recommended by the Committee.

The Commonwealth is also funding staff training as part of the trial of mandatory pre-commitment in the ACT. These training programs will ensure that venue staff understand the pre commitment system and are well equipped to assist patrons. The effectiveness of these training programs will be assessed as part of the trial and will provide an evidence base for future training programs.

**Recommendation**

**Rec 8: Functions of national regulator (risk management)**

The committee recommends a risk management framework be developed by the national regulatory authority (see recommendation 28). The framework should be made available to other bodies involved in implementation to draw upon.

**Government Response**

**Agree in principle**

The Commonwealth regulator, or the agency overseeing the delegation to state and territory regulators, will develop a risk management framework.
Note the comments made in response to recommendations 28 and 29.

Recommendation
Rec 9, 25: ID and player privacy
The committee recommends that pre-commitment cards will need to demonstrate sufficient integrity and robustness in order to minimise identity fraud but not require onerous signing up processes or infringe upon individual's privacy (rec 9).

The committee recommends that only basic identification information be collected for the purposes of verification (rec 25).

Government Response
Agree
Protecting the privacy of player's information is of the utmost importance to the Government. The draft legislation establishes a robust privacy framework to support the privacy of registered players of gaming machines. Additionally, a comprehensive offence and penalty regime, as well as a monitoring and enforcement regime ensures adherence to the strict penalty provisions.

The Government does not support a pre commitment solution requiring invasive personal data collection. The draft pre commitment legislation prohibits the use of fingerprinting or other biometrics for registration and player identification.

The Commonwealth's draft legislation does not prescribe a particular type of pre-commitment system (or card) but does require a single registration for each player to ensure the system is robust.

The information required for players to register and identify to the pre commitment system, as well as registration processes, will be determined by regulation.

The trial of mandatory pre commitment will also test these features to inform the national rollout of pre commitment.

Recommendation
Rec 10: Ministerial Expert Advisory Group on Gambling
The committee recommends that representatives of problem gamblers and consumer groups be invited to join the membership of the Ministerial Expert Advisory Group on Gambling.

Government Response
Agree
The Ministerial Expert Advisory Group on Gambling included a representative from the Gambling Impact Society, which is a problem gambling consumer body. The Ministerial Expert Advisory Group on Gambling was established to provide specialist and technical implementation advice to the Government to assist in delivering the national gambling reforms, and was intended as a time limited body. Its final meeting was in April 2011.

Recommendation
Rec 11: Research Institute
The committee recommends that a national, accountable and fully independent research institute on gambling be established to: drive and coordinate national research efforts, monitor the effectiveness of policies to reduce harms from problem gambling and build an evidence base sufficient to better inform future policy development. The committee recommends that annual funding for this new body be derived in part from a small levy on gambling taxes collected by state and territory governments and a commensurate contribution from the Commonwealth.

Government Response
Matter for jurisdictional consultation
In 2009, the Commonwealth renewed its Memorandum of Understanding with all states and territories for the funding of the national research body, Gambling Research Australia, until 2014.

Future research arrangements are a matter to be discussed with states and territories through the COAG Select Council.

Recommendation
Rec 12: Pre-commitment start date
The committee recommends that a mandatory pre commitment scheme apply to all players of high intensity electronic gaming machines by 2014.
The Commonwealth intends to implement a state-linked pre commitment scheme across all states and territories from 2016. This reflects independent technical advice commissioned by the Government that found that a 2014 timeline was not achievable.

The Commonwealth is committed to supporting a large-scale, jurisdiction-wide trial of mandatory pre-commitment in the ACT starting in 2013. This trial will build the evidence base of mandatory pre commitment as well as testing the design features and technological aspects of a mandatory pre commitment system.

The trial will allow an assessment of whether mandatory pre commitment delivers stronger benefits to communities and individuals than a voluntary pre commitment system.

 Recommendation

Rec 13: Setting limits

The committee recommends that players set binding spending limits but does not specify an upper limit.

 Government Response

Agree

The trial of mandatory pre commitment will include this feature.

In addition, the Commonwealth's draft legislation provides that if a registered player has set a limit, that this limit be binding and that further play within the pre-commitment system as a registered user be prevented.

 Recommendation

Rec 15: Changing limits

The committee recommends that players be unable to increase their spending limit during the time period they have specified for their limit to apply.

 Government Response

Agree

The trial of mandatory pre commitment will include this feature.

In addition, the draft legislation prescribes that the pre-commitment system must provide a person who chooses to register with a limit period. The length of time for which a registered user's loss limit applies will be no less than 24 hours.

The draft legislation provides that for a player wishing to decrease their limit period or increase their loss limit, the pre-commitment system must ensure that the change does not take effect until the current limit period has ended.

Should a player wish to increase their limit period or decrease their loss limit, the pre-commitment system must enable the change to take effect as soon as is practicable, with the intention that this take place immediately.

 Recommendation

Rec 16: Education and counselling services

The committee recommends that player education be made available and counselling services be offered to assist players set affordable limits.

 Government Response

Agree

The trial of mandatory pre commitment will include player education as well as access to, and linkages with, counselling services. See the response to recommendations on information...
campaigns (rec 3, 26) and staff training (rec 5, 6, 7).

Further, the Government has announced its commitment to increasing counselling and support services for individuals and families affected by problem gambling. The Commonwealth will fund 50 new financial counsellors through the existing financial counselling network, to work closely with local gaming venues and state and territory government gambling counselling services.

Additionally, the Government will provide funding towards enhancements to the Gambling Help Online website, as well as expanding the reach of this service.

**Recommendation**

**Rec 17: Default spending limits**

The committee recommends that all pre-commitment cards be issued with a pre-set default spending limit which the player can choose to use or modify.

**Government Response**

For further consideration

Advice from the Ministerial Expert Advisory Group was that there was limited evidence about the benefits of default limits. Some academic members were concerned that default limits could actually undermine harm minimisation efforts.

Further research is required to assess the potential benefits and harms to players.

**Recommendation**

**Rec 18: Default limit periods**

The committee recommends that the card include a default time period which specifies the duration of the spending limit (decreasing a limit will take immediate effect) which the player can choose to use or modify. The committee suggests the length of this default time period could be a common budgetary period such as a fortnight. The minimum timeframe it could be modified down to is 24 hours.

**Government Response**

Agree in principle

The draft legislation prescribes that the pre-commitment system must provide a person who chooses to register with a 'limit period'. The length of time for which a registered user's loss limit applies will be no less than 24 hours.

Pre commitment systems may also allow players to choose their own limit periods. Should a player wish to decrease their spending limit within this limit period, this decrease should take effect immediately, or as soon as practicable.

Should a player wish to increase their limit period, the pre commitment system must enable the change to take effect as soon as is practicable, with the intention that this take place immediately.

In addition, the trial of mandatory pre commitment will include default time limits.

**Recommendation**

**Rec 19: Scheme coverage**

The committee recommends that players be prevented from circumventing pre-set spending limits by machine and/or venue hopping.

**Government Response**

Agree in principle

The Commonwealth is seeking the participation of all venues and machines in the ACT for the trial of mandatory pre commitment. This means that players will not be able to change machines or venue-hop to avoid the system.

In addition, the Commonwealth's draft legislation provides that a person who chooses to register with the pre commitment system will have one registration that applies to them across the particular state or territory. This will ensure that a players pre-set limits, when playing as a registered player, will be binding across machines and venues within that state or territory. This sets up the system capability for a mandatory system, if amendments were made to the Act to require all players to register.

**Recommendation**

**Rec 20: Limit reviewing**

The committee recommends that players be prompted to review their limits every twelve months.

**Government Response**

Agree in part

The Commonwealth's draft legislation provides for information to be displayed at the
gaming machine on commencement of play including the length of time since the person last changed their limit.

The Commonwealth's draft legislation provides that registered players will be allowed to change their loss limit, set a loss limit or exclude themselves from the system at any time. Making the limits more stringent must take effect immediately but increasing the limits must not take effect until the end of the current limit period.

Transaction statements are also provided for in the draft legislation where registered users can access as many transaction statements as they choose in any given period. Each transaction statement will provide them with information in relation to their use of a gaming machine during the previous 12 months including when their last changed their limit.

**Recommendation**

**Rec 21: Where limits are set**

The committee recommends that the process of setting limits not occur in close proximity to gaming machines.

**Government Response**

**For further consideration**

The Commonwealth has committed to supporting a trial of mandatory pre commitment in the ACT. This trial will test operational features of a pre commitment system including the process of setting limits.

The trial will be independently evaluated and will inform the national roll-out of pre commitment.

**Recommendation**

**Rec 22: Dynamic warnings**

The committee recommends that the system include dynamic warnings to alert players when their limit is approaching and it include the capacity to personalise messages.

**Government Response**

**Agree in principle**

The Commonwealth's draft legislation provides for the implementation of dynamic warnings on all machines by 2016, except in small venues. The warnings will relate to:

- use by a specific person; or
- potential harm from and cost of using gaming machines generally.

The form, frequency, content and position of these messages will be prescribed in regulations.

The Commonwealth is currently undertaking a trial of dynamic warning parameters that is being facilitated by the Queensland Government. This trial will inform the design features to be prescribed in regulations.

The draft legislation also ensures that players will be informed of the amount remaining of their loss limit both at the commencement of a play session and periodically during play through the pre commitment system. Again, the form, frequency, content and position of these messages will be set by regulations.

**Recommendation**

**Rec 23, 24: Self exclusion**

The committee recommends that a self-exclusion option be enabled on the pre-commitment card and varying periods for self-exclusion be made available. This could be linked to existing jurisdictional exclusion schemes to provide players with effective self-exclusion options (rec 23).

The committee recommends that players who self exclude for a certain period of time should not be able to shorten that period within the specified timeframe (rec 24).

**Government Response**

**Agree**

The Government believes that self-exclusion arrangements are an important support for problem gamblers and their families. The draft legislation allows registered users of the pre-commitment system to effectively exclude themselves from using gaming machines. This is intended to be an additional harm minimisation tool to complement existing arrangements currently operating in states and territories which enable people to self-exclude from gaming venues.

The Commonwealth has also committed to work with the states and territories and industry to develop a nationally consistent approach to self-exclusion, incorporating better counselling.
support, consideration of third party exclusions and more central oversight.

**Recommendation**

**Rec 27: Linking pre-commitment with loyalty marketing schemes**

The committee recommends that linking loyalty schemes with pre commitment schemes not be prohibited, but this be monitored by the new national regulatory authority for adverse consequences.

**Government Response**

**Agree**

The Government will monitor the linking of loyalty marketing schemes in the context of implementing the legislation. As recommended by the Committee, the draft legislation does not prohibit linking.

**Recommendation**

**Rec 28 and 29: Establishment of national regulator**

The committee recommends that a national independent regulatory body be established by the end of 2011 to oversee mandatory pre commitment and associated reforms in all Australian jurisdictions (rec 28).

The committee recommends that pending the establishment of the national regulatory authority, the Department of Families, Housing, Community Services and Indigenous Affairs perform the functions of the new authority. (rec 29)

**Government Response**

**Matter for jurisdictional consultation**

It is the Commonwealth's preference that the regulation of gaming machines is conducted by state and territory regulators. This includes implementing the provisions in the Commonwealth's draft legislation. The Commonwealth is continuing discussions with state and territory governments to reach agreement on this matter.

The Commonwealth has developed draft legislation that provides for a national regulatory framework but allows the Commonwealth to delegate the regulatory function to the states and territories with the approval of the relevant state or territory Minister.

The Commonwealth's draft legislation provides that the Regulator is the Secretary of the Department who has portfolio responsibility for the new Act. At this time, this responsibility sits within the Department of Families, Housing, Community Services and Indigenous Affairs.

**Recommendation**

**Rec 30: Pre-commitment trial**

The committee recommends that a pre commitment trial be conducted in one jurisdiction in order to further inform and refine key pre-commitment design features and help identify any unintended consequences. The trial should commence as soon as possible but not delay the timeframe for implementation.

**Government Response**

**Agree in part**

The Commonwealth has committed to supporting a large-scale, jurisdiction-wide trial of mandatory pre commitment in the ACT.

As recommended by the Productivity Commission, the trial will test the operational features of mandatory pre commitment, and assess whether mandatory pre commitment delivers stronger benefits to communities and individuals than voluntary pre commitment.

The trial will assess the impacts on problem gamblers, recreational gamblers, venues and communities.

The trial will conclude in early 2014 and will be rigorously evaluated by an independent research institution.

**Recommendation**

**Rec 31 and 32: Functions of national regulator**

The committee recommends that development of the broad design of mandatory pre-commitment be progressed by the national regulatory authority.

The committee recommends that a detailed solution for registration, identification and privacy be referred to the national regulatory authority for progressing (rec 32).
**Government Response**

**Agree in principle**

The Commonwealth's legislation, developed by the Department of Families, Housing, Community Services and Indigenous Affairs, and the Treasury, sets out the key features of pre-commitment systems and new and imported gaming machines.

These features would deliver the capability for mandatory pre commitment if the Bills were amended to require players to register.

Further operational requirements will be set by regulation, by the Commonwealth regulator.

The trial of mandatory pre commitment in the ACT will test the operational features of a pre commitment system. The trial will be independently designed, managed and evaluated.

**Recommendation**

Rec 33, 34, 35, 38: National standards

The committee recommends a phased approach to achieving harmonised national standards. In the first stage, mandatory pre commitment in all jurisdictions for players of high intensity machines is introduced by 2014. Jurisdictions may elect to use differing technological solutions to meet the national pre commitment features. (rec 33)

The committee recommends that in phase two the national regulatory authority develop a timetable to move toward harmonisation of the Australia/New Zealand Gaming Machine National Standard, and adopt an agreed national standard reflecting consumer safety and harm minimisation principles (rec 34).

The committee recommends that phase three would see full implementation of uniform national technical standards (rec 35).

The committee recommends that the process towards harmonisation of the national technical standards by the national regulatory authority include an independent review of the barriers currently impeding greater uniformity and competition as a matter of urgency. This should include a review of the continued use of the Mutual Recognition (Commonwealth) Act 1992, Schedule 1(3) and an analysis of the costs and benefits of the restriction as this was beyond the scope of the last COAG review (rec 38).

**Government Response**

**Matter for jurisdictional consultation**

The Commonwealth's draft legislation delivers minimum national standards for pre commitment.

The Commonwealth will discuss any further national standards with states and territories through the COAG Select Council.

**Recommendation**

Rec 36, 37, 42: Low intensity machines

The committee recommends that low intensity machines, configured to reliably limit player losses to an average loss of around $120 per hour, do not need to be part of the mandatory pre-commitment system. Specifically the committee recommends these machines feature a $1 maximum bet limit, a $500 maximum prize and a $20 maximum load up. The use of these machines should be monitored by the national regulatory authority to identify any unintended consequences and the extent to which they contribute to reducing problem gambling prevalence rates (rec 36).

The committee recommends that the timeline to introduce low intensity machines with the parameters specified in the recommendation above is consistent with the timeline to implement mandatory pre-commitment (rec 37).

The committee recommends that venues be given the choice to either run high intensity EGMs with mandatory pre-commitment or low intensity EGMs without pre-commitment enabled, or a combination of both (rec 42).

**Government Response**

**Disagree**

The Government agrees with the recommendations of the Productivity Commission that pre commitment would be the most targeted and effective measure to address problem gambling without impacting on recreational players.

The Government has also received independent advice regarding implementation of low intensity machines or $1 maximum bet limits on games. This advice is that all games would
need to be reconfigured or re-designed as currently, there are no games in Australia that would enable a maximum $1 bet. This would cost in excess of $1.5 billion.

The Commonwealth is considering whether low intensity machines can be trialled as part of the broader trial of mandatory pre commitment in the ACT, if supported by trial partners.

**Recommendation**

**Rec 39, 40: Small venues**

The committee recommends that the definition of a small venue be 15 machines or less but that it also take into consideration revenue per machine (rec 39).

The committee recommends that small venues, particularly those in regional and rural areas, be allowed until 2018 to implement mandatory pre-commitment (rec 40).

**Government Response**

**Agree in part**

The Government understands the challenges faced by smaller venues, many in regional and rural communities. Under the draft legislation, small venues will have additional time to implement pre commitment technology.

Venues with 11 to 20 gaming machines will have an additional four years (until 2020) to introduce the changes and venues with 10 or fewer machines will be able to align implementation with their machine replacement cycles.

**Recommendation**

**Rec 41: Industry transition fund**

The committee recommends the COAG Select Council on Gambling Reform investigate establishing an industry transition fund to assist small venues to diversify their revenue stream away from gambling, cover a shortfall in a community service or enable low intensity machines. The criteria for access to the fund would be developed in consultation with industry.

**Government Response**

**Matter for jurisdictional consultation**

The Commonwealth will discuss this matter further with states and territories through the COAG Select Council.

The states and territories raise revenues from gaming venues and would be best placed to consider proposals for industry assistance.

**Recommendation**

**Rec 43: Foreign Tourist exemption**

The committee recommends that, upon proof of identity, foreign tourists in casinos be issued with a card that overrides the mandatory pre-commitment scheme for a period of 24 hours. This should be monitored by the national regulatory authority for abuse.

**Government Response**

**For further consideration**

The draft legislation provides that any player of gaming machines (both international and local players) can choose to register for and set limits on their use of a gaming machine.

The Commonwealth recognises that casinos are a tourist gambling destination and if amendments were made to the Bills to instead require all players to register, the Government would consider exemptions for international tourists at that time.

The draft legislation also excludes casino venues from ATM withdrawal limits due to the nature of their diversified business environment and their role in international tourism, as was recommended by the Productivity Commission.

**Government Response to the Joint Select Committee on Gambling Reform**

**Inquiry into Pre-commitment Scheme**

**Coalition Members' Dissenting Report recommendations**

**Recommendation**

**Rec 1:**

Coalition committee members recommend that the differences in technical standards and communication protocols be harmonised by jurisdictions.

**Government Response**

**Matter for jurisdictional consultation**

The Commonwealth’s draft legislation delivers minimum national standards for pre commitment.
The Commonwealth will discuss any further harmonisation with states and territories through the COAG Select Council.

**Recommendation**

Rec 2:

Coalition committee members recommend that further research is required to understand the effect of mandatory pre commitment on employment, tourism, and contributions to the community.

**Government Response**

Agree

The Commonwealth has committed to supporting a large-scale, jurisdiction-wide trial of mandatory pre commitment in the ACT.

As recommended by the Productivity Commission, the trial will test the operational features of mandatory pre commitment, and assess whether mandatory pre commitment delivers stronger benefits to communities and individuals than voluntary pre commitment.

The trial will assess the impacts on problem gamblers, recreational gamblers, venues and communities.

The trial will conclude in early 2014 and will be rigorously evaluated by an independent research institution.

**Recommendation**

Rec 3:

Coalition committee members recommend that a full cost-benefit analysis of the final mandatory pre-commitment scheme be undertaken before any decision is made on implementation.

**Government Response**

For **consideration by the Productivity Commission**

The Commonwealth has committed to a legislated independent review of the trial results to assess whether mandatory pre commitment delivers stronger benefits to communities and individuals than voluntary pre commitment.

This independent review will be undertaken by the Productivity Commission. The Productivity Commission is best placed to determine what methodologies they will use to make this assessment.

**Senator MOORE** (Queensland) (20:38):

I move:

That the committee reports be printed in accordance with the usual practice.

Question agreed to.

**Senator MOORE** (Queensland) (20:38): by leave—I move:

That consideration of the committee reports and government responses to committee reports just tabled be listed on the Notice Paper as separate orders of the day.

**The PRESIDENT:** I present responses to Senate resolutions as listed at item 19 on today's Order of Business.

*The list read as follows—*

19. **Tabling of documents**

(a) By President

Responses to resolutions of the Senate:

- Chair of the Australian Curriculum, Assessment and Reporting Authority (Professor McGaw AO) – National history curriculum (agreed to 2 November 2011)
- Minister for Foreign Affairs (Senator Bob Carr) – Tuberculosis in Papua New Guinea (agreed to 2 November 2011)
- Ambassador of the United States of America (Ambassador Bleich) – Korean Prisoners of War (agreed to 8 February 2012)
- President of the Senate of the Czech Republic (Milan Stech) – Vaclav Havel (agreed to 8 February 2012)
- Minister for Families, Community Services and Indigenous Affairs (Ms Macklin) – Anniversary of the apology to the Stolen Generations (agreed to 27 February 2012)
- Ambassador of Libya (His Excellency Musbah Allafi) – Australian war graves in Libya (agreed to 14 March 2012)
- Minister for Defence (Mr Smith) – Nuclear submarine technology (agreed to 15 March 2012)
- Parliamentary Secretary for Disabilities and Care (Senator McLucas) – World Down Syndrome Day (agreed to 21 March 2012)
Minister for Foreign Affairs (Senator Bob Carr) – Sri Lanka (agreed to 21 March 2012)

The PRESIDENT: I table a communiqué from the 17th National Schools Constitutional Convention held at Old Parliament House from 21 to 23 March 2012.

BILLS
- Tax Laws Amendment (2011 Measures No. 9) Bill 2012
- Crimes Legislation Amendment (Powers and Offences) Bill 2012
- Financial Framework Legislation Amendment Bill (No. 1) 2012
- Fairer Private Health Insurance Incentives Bill 2012
- Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) Bill 2012
- National Radioactive Waste Management Bill 2012
- Appropriation Bill (No. 3) 2011-2012
- Appropriation Bill (No. 4) 2011-2012
- Family Law Amendment (Validation of Certain Orders and Other Measures) Bill 2012
- Fair Work Amendment (Textile, Clothing and Footwear Industry) Bill 2012
- Broadcasting Services Amendment (Regional Commercial Radio) Bill 2012
- Intellectual Property Laws Amendment (Raising the Bar) Bill 2012
- Excise Amendment (Reducing Business Compliance Burden) Bill 2012
- Customs Amendment (Reducing Business Compliance Burden) Bill 2012
- Higher Education Support Amendment Bill (No. 1) 2012
- Indirect Tax Laws Amendment (Assessment) Bill 2012
- Australian Research Council Amendment Bill 2012
- Insurance Contracts Amendment Bill 2012
- Building and Construction Industry Improvement Amendment (Transition to Fair Work) Bill 2012
- Telecommunications Universal Service Management Agency Bill 2012
- Telecommunications Legislation Amendment (Universal Service Reform) Bill 2012
- Telecommunications (Industry Levy) Bill 2012
- Road Safety Remuneration Bill 2012
- Road Safety Remuneration (Consequential Amendments and Related Provisions) Bill 2012
- Minerals Resource Rent Tax Bill 2012
- Minerals Resource Rent Tax (Imposition—Customs) Bill 2012
- Minerals Resource Rent Tax (Imposition—Excise) Bill 2012
- Minerals Resource Rent Tax (Imposition—General) Bill 2012
Petroleum Resource Rent Tax Assessment Amendment Bill 2012
Petroleum Resource Rent Tax (Imposition—Customs) Bill 2012
Petroleum Resource Rent Tax (Imposition—Excise) Bill 2012
Petroleum Resource Rent Tax (Imposition—General) Bill 2012
Superannuation Guarantee (Administration) Amendment Bill 2012
Tax Laws Amendment (Stronger, Fairer, Simpler and Other Measures) Bill 2012
Assent

Messages from the Governor-General reported informing the Senate of assent to the bills.

ADJOURNMENT

Senator McLUCAS (Queensland—Parliamentary Secretary for Disabilities and Carers and Parliamentary Secretary to the Prime Minister) (20:42): I move:

That the Senate do now adjourn.

National Disability Insurance Scheme

Senator PRATT (Western Australia) (20:42): Tonight it is with much pleasure that I rise to speak on the important topic of the National Disability Insurance Scheme, and I was delighted to see the budget this week make such substantial progress on this important issue. I was very pleased a couple of weeks ago to join the Prime Minister and the Minister for Families, the Hon. Jenny Macklin, in my duty electorate of Cowan in WA. We held a very important forum at Jellybeans Childcare Centre in Warwick and discussed our government's plan to fast-track the implementation of the NDIS. It was a terrific forum, meeting the kids, families and staff of Jellybeans and talking about this important issue. Jellybeans is a terrific childcare centre with a specialty service for children with autism. I was particularly pleased that the Prime Minister and Minister Macklin took such a deep interest in the concern about disability services in our local community of Warwick.

I would also like to note that at the end of April a super rally in support of the NDIS was held in Perth, the NDIS Make it Real rally. Similar rallies were held right across the country but the Perth rally was particularly successful. People shared their stories, wrote blogs, donned red shirts and generally lobbied for an NDIS, and they should all be proud of the contribution they have made to making sure the NDIS becomes a reality in this nation.

I would also like to congratulate the very successful campaign organisers from the Every Australian Counts campaign. Their work on the rallies and the whole range of other activities I think has really helped build the momentum for an NDIS, and all these people should be incredibly proud. There have been over 100,000 supporters around Australia for this campaign and they all deserve our applause because, as we all know, governments cannot make big decisions like this without a mandate, and that mandate comes from the important community journey that we have been on, learning about the important issues that confront people with disability in this nation and their need to support and sustain their lifestyle.

As we know, about four million people in Australia—that is, about 18.5 per cent—are reported as having a disability. In my home state of Western Australia, about 17.4 per cent of the population are recorded as such. When you add this number to the people who are involved in the lives of people with disability—families, carers, friends, lovers,
support workers and many more—it becomes clear that a significant proportion of the population know or are concerned about people with disability. It has been a long concern of mine that many of those people are not getting the services that they need. Why is this so? It is simply because our system currently in Australia, as fragmented as it is and as underresourced as it is, has not been able to handle the level and range of services that people need. It is why the Productivity Commission, at the request of the government, undertook their detailed study into these issues. A huge amount of work went into the commission's inquiry. People told their stories. People told the commission how broken the current system was but also how it could be made better. It was a really important process.

The report of the Productivity Commission was accepted and responded to by our government. Our government responded quickly because people with disability and their families and carers told the inquiry and told our government that they just could not take this broken-down system any more. I have met with many families in circumstances where indeed they have simply had enough because they are not coping anymore. They could not take the years of waiting for services, which were sometimes never provided. Indeed, many families would cope much better if there was certainty that services would be provided at a certain point in time. But when you are faced with a situation of caring for a loved one day after day, when it undermines your capacity to earn an income elsewhere and meet other goals in life, the household dynamics can often be quite stressful. To live without the certainty of knowing that your family and the person you love and care about will be able to get the care and support they need at some point in time really does get too much for people. I can see that people have been tired of trying to do it all on their own. People have been right to want choice in the types of services and choice in how they access those services—basic things. So the government responded quickly to the Productivity Commission's report and in the development of the NDIS.

One of the highlights—very much so—of this year's budget is the funding of the first stage of this great reform. As we know, the Gillard government will deliver $1 billion over four years to the rolling-out of the first stage of the NDIS. This represents bringing our plans forward by a year to get the NDIS under way. I think that is a terrific thing. Even if it means we are just getting it going in certain regions of Australia, we will be able to learn a lot from what happens in those places. As we accelerate and build it into a universal scheme, the fact that we have had that head start in bringing it forward a year is a very important thing. It means that, by mid-next year, care and support for around 10,000 people with significant and permanent disabilities will be provided for by the scheme.

It is going to happen in four locations around Australia. I sincerely hope that one of those locations will be Western Australia, and I will certainly be advocating for that. But we know beyond doubt that the scheme is going to be expanded to include even more people. I am really pleased with this announcement because we all know that the NDIS can do for disability what another great Labor reform, Medicare, has done for health care in our nation. Medicare has given people access to the services they need most, the ones that really add to their quality of life.

The NDIS has an important and defining feature—that is, that it will be based on people's individual needs. It means that people in this rollout will no longer have to
make do with services that do not meet their particular needs, which were designed for a model of how things should run and not designed currently for a person's individual needs. Individual needs in some instances will relate to their disability and the kind of disability they have, and in other instances it will be about accommodating their lifestyle preferences and their other personal needs. So from July next year there will be individually funded packages, and I think that is a really terrific thing.

We will also have funding for local area coordinators who will provide an individualised approach to delivering these services to people in the launch locations. The model builds on what has been quite a successful way of delivering services to people in Western Australia. There is much more detail about the rollout of the NDIS, but tonight I really want to congratulate my government. I am very proud of them. I am very proud of the Gillard government for getting on with the job of designing and delivering this much-needed reform. I particularly want to pay tribute to the thousands of people with disability, their family members, friends, partners and people who care for and support them. They took the time to say what they needed and took action to advocate for this reform. It is because of their work and their commitment that we are about to see the implementation of this most important reform.

**Member for Dobell**

**Senator FIERRAVANTI-WELLS** (New South Wales) (20:52): I rise this evening to speak on matters pertinent to the member for Dobell. Since I last spoke about this matter, who would have thought that we would have seen this matter descend even further into sleaze and sordid tales such as have been revealed by the Fair Work Australia report. We have also seen the raiding of the HSU office in New South Wales. Having now given a series of speeches in this place, I am pleased to see that not only that many of the matters that I have traversed have been covered but also matters that I foreshadowed in certain speeches have now been contained in this report.

It is interesting to see that the Prime Minister continues to accept the tainted vote of Mr Thomson. It is interesting to see this evening that Mr Thomson was not present when the Leader of the Opposition not surprisingly was providing an absolute reality check to the political squalor that this government has now become. It is interesting to see that the member for Dobell was not present. We have seen headlines in recent times, such as 'Sordid union allegations leave questions hanging' and 'Escorts, campaign funds put on Thomson's card'. Yes, they are sensational and I am sure we are all looking forward to hearing the member for Dobell provide his explanations of what can only be described as something that this country has never seen.

Yes, over half a million dollars of hard-earned members' money was improperly used, including on cash withdrawals, meals, electioneering and more than $5,000 on escort services. Of the 181 contraventions of law and union rules, Fair Work Australia found 156 of those related to Mr Thomson. The newspapers have traversed some of this misuse. As I said, procurement services, more than $100,000 on cash withdrawals, entertainment expenses, staff employed for Mr Thomson to win the seat of Dobell—and I will come back to these matters at another time—union funds, as I have said, used to pay people on Coastal Voice, which is one of the organisations set up by Mr Thomson in Dobell to win that seat.

I want to come to an example of the rank hypocrisy of the member for Dobell. In
2007, amongst the many documents and the many matters that have now come to light, probably the rankest example of hypocrisy by Mr Thomson was the fraudulent publications put out by Coastal Voice, which editorialised on issues relating to integrity in public office, lambasting the local council for allowing councillors to go on junkets — this coming from Mr Thomson. Indeed, the concern was so great that reference was had to the waste of these 'hard-earned dollars of ratepayers'. Can you believe that? All this from a man who, from the evidence provided by the Fair Work Australia report, has been shown to have misused over half a million dollars of union dues of some of the lowest-paid workers in Australia.

All the while, while this stuff was appearing and being editorialised by Mr Thomson and his cronies in Coastal Voice, Mr Thomson was doing exactly that, and a lot worse, to the hard-working members of the HSU to whom he owed the highest duty as its national secretary. That is breathtaking hypocrisy. Here he is using money going off to escort services, using the hard-earned money of some of the lowest-paid workers in this country, and publicly lambasting councillors for allegedly going on junkets. Well, I am sure there is more to come.

Then it is not surprising that yesterday evening Wyong Council formally called for Mr Thomson to immediately resign. One only has to walk down the streets in the seat of Dobell to understand how his constituents are ashamed of him. They are ashamed of his behaviour. They are ashamed to say that they live in this seat and say it is time for him to go. There was Mr Thomson yesterday evening criticising the local councillors. Mind you, these are the same local councillors that I have spoken about in relation to Central Coast Group Training, the place where Mr Thomson tried to get a job for his former wife. All the while he has been working behind the scenes to make sure that the $2.7 million that had been promised for the jobs youth centre is not provided — the same area that I have been trying to get documents from this government. I have now had to ask for documents under freedom of information. This government, along with the Greens, shut down the debate so that I could not get documents and the matter could not be debated.

Here is Mr Thomson — the hypocrisy of the man — saying that he is flattered by their attentions while he has been out there fighting for various things in Dobell. I think he might have been fighting but it certainly was not for his constituents. It was probably on his back. Anyway, it does not surprise me that Councillor Best and Councillor Eaton — and I commend them for taking this action — issued a petition. They have had responses from all over the state, not just in Dobell. I look forward to this petition being lodged in the House of Representatives. I wish them well for getting the thousands of signatures that maybe might convince Mr Thomson that it is time to go. So it comes as no surprise to me to read that the Labor Party are continuing to foot the legal bills of Mr Thomson. I have come into this place and given no fewer than 11 speeches where I have continually talked about the fact that the New South Wales Labor Party have paid up to a quarter of a million dollars of Mr Thomson’s legal fees post the defamation proceedings — and nobody on the other side has come in and contradicted that figure. That does not surprise me now; he must be getting some pretty hefty bills. And the Labor Party are continuing to pay his legal expenses. It is very clear that there was the $200,000, as he has amended his register of interests — but what else has he not disclosed? What else is the Labor Party footing? Is it just the legal expenses? What else has the Labor Party footed the bill for?
One only has to look at the preposterous explanations that Mr Thomson is giving in relation to the lavish spending on the prostitutes, the entertainment, the travel and his 2007 Dobell campaign. The fact that now Mr Thomson is reportedly suggesting that his financial support by the New South Wales ALP had only been in the last two weeks is equally preposterous, because the truth is very clear—Labor officials are now going on the record about this tranche of legal expenses. To quote a spokesman from the New South Wales ALP: 'The ALP finance and administrative committee resolved to provide him assistance in September last year.' So I would say that that $200,000 is only the tip of the iceberg.

But we have known for a long time about Mr Thomson, and the Labor Party has known for a long time about Mr Thomson—indeed, Mark Davis broke the story in 2009. I am reminded of the article that Paul Sheehan wrote in the Sydney Morning Herald on 10 May: 'Thomson charade still going as the players await a final curtain'. All I can say for the constituents of Dobell is that I hope that final curtain falls sooner rather than later.

But the thing that probably leaves, for me as a female politician, the bitterest taste in my mouth is to watch a female Prime Minister and how she continues to politically prostitute herself to defend a man who has abused the trust—

The ACTING DEPUTY PRESIDENT (Senator Furner): Order! Senator Fierravanti-Wells, I think that is unparliamentary and I ask you to withdraw that comment.

Senator Ian Macdonald: Mr Acting Deputy President, on the point of order—

The ACTING DEPUTY PRESIDENT: Order! I have not given you the call yet, Senator Macdonald. Senator Macdonald?

Senator Ian Macdonald: Mr Acting Deputy President, I seek to speak to your so-called ruling. The term 'political prostitute' is often used, and has no connotations of sexuality, as it is used in the case with the member for Dobell. But that is terminology that is often used here, and it is not unparliamentary.

The ACTING DEPUTY PRESIDENT: There is no point of order. Once again, Senator Fierravanti-Wells, I seek to have you withdraw that comment. Thank you.

Senator FIERRAVANTI-WELLS: I withdraw the comment. I cannot believe that a female Prime Minister stands beside a man who has abused the trust of thousands of lowly-paid, mainly female aged-care and hospital workers, by wasting their hard-earned union dues on prostitutes—all to save her political skin. It is an absolute disgrace that a female Prime Minister is doing this.

Human Rights

Senator SINGH (Tasmania) (21:03): I want to take this opportunity, as the Senate adjourns, to speak on the state of human rights in Australia and our obligations in the context of the international system—something very opposite to the contribution from Senator Fierravanti-Wells. The affirmation of human rights, those things that are fundamental and intrinsic in all members of the human family, is the foundation of the international community. Indeed, at the heart of the United Nations are the joint responsibility and the shared concern that we have for each other and for the dignity of humanity. The international community, therefore, has an important role in ensuring that member states are fulfilling their duties to their populations: respecting the rights which we all have.

I am an unabashed multilateralist. I believe our responsibility to our friends, our neighbours and our family overseas is just as
significant as to those within our borders. But I recognise that for some time, especially in the latter years of the 1990s and into the new millennium, the international architecture in respect of human rights was liable to sometimes provide perverse or incredible advice. But from 2006, following the process of reform embarked upon by one of the most impressive and resilient advocates for global justice of recent decades, UN Secretary-General Kofi Annan, the international institutions for human rights monitoring improved greatly. The replacement of the Commission on Human Rights by the UN Human Rights Council provided the catalyst for a boost in accountability by both members of the council and members examined by the council.

Part of this reform process was the introduction of the universal periodic review, known as the UPR, a process which assesses the human rights records of all 193 UN member states once every four years. During the UPR, each state is able to declare what actions they have taken to improve the human rights situations in their country and to fulfil their obligations under the human rights instruments to which they are party. The process is consultative and the concluding observations of the UPR routinely note a large number of recommendations that have enjoyed the support of the country under review and commenced as a result of that process under the UPR. Such recommendations are as wide-ranging as Turkey's acceptance of Australia's recommendations on judicial independence; East Timor being supported to accede to a number of international instruments; or calls for Vietnam to reassess its use of the death penalty, which led to the small but important step of greater humanity and transparency. Australia appeared before the Universal Periodic Review in its tenth session, on 27 January 2011. During the review, 53 countries asked questions of Australia with regard to its human rights record. Their conclusions, made after a process that included giving Australia a chance to respond to their concerns, included 145 recommendations on a wide variety of topics, including the treatment of asylum seekers, Aboriginal and Torres Strait Islander peoples, multiculturalism and racism, and the status of Australia's obligations under international human rights law. The Australian government accepted the majority of the recommendations and has been working towards incorporating those recommendations into the National Action Plan on Human Rights, as well as providing an update to the council prior to Australia's next UPR, in 2015. There is no doubt that that update, as was the case with Australia's statement to the UPR in 2011, will contain a great deal of progress on delivering better protection for human rights in Australia.

Since Labor was elected into government, human rights have been a continued focus across a number of areas that were damaged or ignored by the coalition government for 11 years. Indeed, slightly over one year into the Rudd Labor government, on 10 December 2008, the government initiated the National Human Rights Consultation. The consultation both responded to and fostered community discussion about how best to guarantee human rights in this country. It was partly initiated by calls for strong legislative protections, like a bill of rights. The government's response, like its response to the UPR, included a range of very substantial improvements to human rights in Australia, many of which saw considerable progress in this week's budget. Human rights are about freedom, they are about opportunity, they are about being able to participate in one's community and economy; fundamentally, they are about a
fair go. In fact, the core parts of this week's budget relate directly to human rights and respond directly to the obligations raised not just by international human rights instruments but by the conscience of this country.

Many of the reforms relate to issues that have been outstanding in our community for too long and I am pleased that Labor has now had the courage to tackle them. Those reforms are things like the introduction of the National Disability Insurance Scheme, with $1 billion over four years committed to this by this Labor government. The National Disability Insurance Scheme will start in Australia from July 2013 in up to four locations across the country. From mid-2013, up to 10,000 people with significant and permanent disabilities will receive support. By July 2014 that figure will rise to 20,000.

The NDIS is not just a safety net. It is fundamental to addressing the opportunities of people who live with disability to access care, support and the things they need in order to be full and active participants in our community. Full and active participation is their human right. Inclusion and assistance are our responsibility, and I am so proud that the Gillard Labor government has made this commitment, pushing the agenda of necessary social reform forward.

One of the recommendations from the UPR was that the Australian government review its reservation to the Convention on the Rights of the Child. The government has committed to doing just that. It will review all of its reservations to human rights instruments.

The budget also included an initiative designed to improve outcomes for children by supporting the establishment of a federal children's commissioner. Also, a significant announcement by the Gillard Labor government in recent months was that the Australian government will ratify the Optional Protocol to the Convention Against Torture, OPCAT. This matter is now before the Joint Standing Committee on Treaties, of which I am member. OPCAT provides for a system of oversight and inspection for all places that hold people deprived of their liberty, including prisons, custodial centres and immigration detention centres. There is no doubt in my mind that OPCAT will provide an opportunity to significantly improve the conditions, treatment, observance of human rights and natural justice and rehabilitative outcomes in the places of detention to which it will apply.

These initiatives demonstrate a dedication to human rights and a dedication to action. But this government has also undertaken important reform to ensure that the legislation that passes through this parliament in the future will be consistent with the observance of human rights. Last year, this parliament passed the Human Rights (Parliamentary Scrutiny) Bill 2010 in partial response to the National Human Rights Consultation. The parliamentary scrutiny bill recognised the rights and freedoms declared by the seven core United Nations human rights treaties. In doing so, it strengthens and emphasises the important place of these treaties in our national consciousness and our national discourse. It brings the benchmark for human rights closer to Australians and those people under Australian authority. And, importantly, it establishes a requirement for us in this place never to take for granted those fundamental principles upon which our legislative power should rest. The creation of a Joint Standing Committee on Human Rights, charged with the task of soberly and systematically testing legislation against the human rights framework, in many ways mirrors the UPR. The committee compels parliamentarians to consider the effect of our words and deeds in
this place on the freedoms of all whom we have the power to affect. Where we have determined to balance or to violate those freedoms, we shall have to make our case. It requires us to have that conversation, informed by the language and the meanings of rights, to temper our impulses against the basic principles of human dignity and, in doing so, be certain at what cost we wield the power that comes with democratic liberty. I am confident that, should the actions of this government be tested against the expectations of human rights—as it should properly be—in cooperation with the UPR, it will be done so. (Time expired)

Budget

Senator IAN MACDONALD (Queensland) (21:13): I want to make a few comments on a budget speech I heard tonight, but before doing that I would like to comment on the previous speaker's discourse on human rights. I say to her that I thought everything she said had already been looked after in this parliament by the Scrutiny of Bill Committee, and one wonders why we have two of those committees. There is also a human rights subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade. So we have three different bodies looking after human rights in this parliament. I guess a couple more will not hurt!

Before I get onto my budget comments, can I congratulate Senator Fierravanti-Wells on her speech on further exposures on the member for Dobell. I just wonder how long it will be before the unionists who pay their fees across the union movement in Australia demand a royal commission into what happens to their union fees once they get to union HQ. I cannot believe that the Health Services Union is the only union that has spawned the sort of conduct we have been reading about in the Fair Work Australia report. Indeed, I know my namesake—no relation, I hasten to add—in the New South Wales parliament, a Labor member by the name of Ian Macdonald, was alleged to have spent money that was not his. In my own state of Queensland I cannot on one hand count the number of former Labor members of parliament who are currently serving terms in jail for things like fraud and bribery—people like Gordon Nuttall, who was the darling of the Labor Party in Queensland for many years. Some would wonder why the people of Queensland were so eager to get rid of almost every single Labor member in the Queensland state parliament. My long experience tells me they are waiting to do the same with every Labor member, and every Labor senator that they can, at the next federal election.

I am sure it concerns all senators that, in the case of the HSU, the money of low-paid workers has been misused. It appals all of us. But no-one can believe that it stops there. The sooner there is a full inquiry into the way union funds are spent around Australia, the better off the union movement will become and the better off those few workers in Australia who choose to contribute to unions will be from the payment of their money for what they believe is work to be done in their interests, not in the interests of the few union bosses. There are a couple of prominent union bosses who we always see wandering around this place—we see them on telly; we see them in all parts of the country and the world. One wonders how they are getting there and whose funds they are using. We hear of them being at fairly classy restaurants and we wonder who is paying for that. I do think that we need a real investigation—and that is something the Gillard government could well do. Perhaps when Mr Shorten becomes Prime Minister he might initiate a serious inquiry into just what happens to union funds.
I have diverted myself a little. I did want to say what a magnificent budget reply speech I heard in this parliament tonight. Regrettably it was not in this chamber. In the other chamber it seemed like thousands of people applauded non-stop for about 10 minutes when Mr Abbott finished his speech. They witnessed what was a magnificent address. As my Facebook page is running wild saying, what a real Prime Minister—what a magnificent speech from someone who will do this country proud rather than be an embarrassment. I am afraid that is the most common comment made to me by my constituents about the current Prime Minister. In fact, the most common question I am asked by my constituents these days—almost in an accusing way—is, 'Why can't you get us an election; why can't you let us have a say on this government?' I do explain to them that numbers count, and when you see the goodies a couple of Independents have got for their electorates you would be excused for saying they have been bribed for their support. Of course I know it is unparliamentary to accuse those Independent members of being bribed so I will not say that—but when you see all of the things that have gone to their electorates which most of the electorates in Australia have not got, you can make up your own terminology.

Mr Abbott tonight gave a very statesmanlike speech, and so many people in the gallery and so many people on my Facebook and so many people in phone calls to my office have said what a magnificent speech it was; that is what Australia needs from its Prime Minister. Regrettably, in this chamber, we have the Greens political party again just rolling over with a few words of criticism of the current government that they keep in power, but then we had a speech that more or less said to the Labor Party that it can do it what it likes; the Greens will support them under any circumstances. Even their change of leader—and I have to say the Greens have been a little bit better behaved since the change of leadership—does not alter the fact that the Greens political party is really the ultra left wing of the Labor Party. Perhaps the less said about the Greens' budget response the better for us all. Again, can I add to the congratulations of thousands of other Australians my congratulations to Tony Abbott on a magnificent budget reply speech tonight.

The ACTING DEPUTY PRESIDENT (Senator Furner): I remind honourable senators that legislative committees will meet to consider estimates commencing on Monday, 21 May 2012 at 9.00 a.m. The program details will be published on the Senate website.

Senate adjourned at 21:21 until Monday, 18 June 2012 at 10:00

DOCUMENTS

Tabling

The following documents were tabled by the Clerk:

[Legislative instruments are identified by a Federal Register of Legislative Instruments (FRLI) number. An explanatory statement is tabled with an instrument unless otherwise indicated by an asterisk.]

A New Tax System (Goods and Services Tax) Act—
A New Tax System (Goods and Services Tax) (Particular Attribution Rules Where Supply or Acquisition Made Under a Contract Subject to Preconditions) Determination 2012 [F2012L00866].
Appropriation Act (No. 1) 2010-2011—Determination to Reduce Appropriations Upon Request (No. 9 of 2011-2012) [F2012L00692].

Appropriation Act (No. 1) 2011-2012—Advance to the Finance Minister—No. 3 of 2011-2012 [F2012L00774].

Determination to Reduce Appropriations Upon Request (No. 9 of 2011-2012) [F2012L00692].

Appropriation Act (No. 1) 2011-2012—Advance to the Finance Minister—No. 3 of 2011-2012 [F2012L00774].

Determination to Reduce Appropriations Upon Request (No. 8 of 2011-2012) [F2012L00691].

Australian Bureau of Statistics Act—Proposals Nos—

Australian Federal Police Act—Select Legislative Instrument 2012 No. 39—Australian Federal Police Amendment Regulation 2012 (No. 1) [F2012L00834].


Australian National University Act—
Australian National University Academic Board Statute 2012—
Academic Board (Election of Members) Order 2012 [F2012L00719].
Academic Board (Election of Members) Order (No. 2) 2012 [F2012L00825].

The Australian National University Endowment for Excellence Statute 2012 [F2012L00707].


Australian Participants in British Nuclear Tests (Treatment) Act—Instruments Nos—


Australian Prudential Regulation Authority Act—
Australian Prudential Regulation Authority (Confidentiality) Determinations Nos—
6 of 2012—Information provided by locally-incorporated banks and foreign ADIs under Reporting Standard ARS 320.0 [F2012L00708].
7 of 2012—Information provided by locally-incorporated banks and foreign ADIs under Reporting Standard ARS 320.0 [F2012L00916].


Australian Radiation Protection and Nuclear Safety Act—Select Legislative Instrument 2012 No. 44—Australian Radiation Protection and Nuclear Safety Amendment Regulation 2012 (No. 1) [F2012L00812].

Australian Radiation Protection and Nuclear Safety (Licence Charges) Act—Select Legislative Instrument 2012 No. 45—Australian Radiation Protection and Nuclear Safety (Licence Charges) Amendment Regulation 2012 (No. 1) [F2012L00813].

Australian Research Council Act—Special Research Initiative for an Aboriginal and Torres Strait Islander Researchers' Network Funding Rules for funding commencing in 2012 [F2012L00874].


Banking Act—Banking Exemption No. 2 of 2012 [F2012L00722].

Broadcasting Services Act—


Broadcasting Services (Digital-Only Local Market Area for the Southern New South Wales TV1 Licence Area) Determination (No. 1) 2012 [F2012L00818].

Broadcasting Services (Digital-Only Local Market Areas for the Remote and Regional WA TV1 and Western Zone TV1 Licence Areas) Determination (No. 1) 2012 [F2012L00747].

Broadcasting Services (Digital-Only Local Market Areas for the Remote and Regional WA TV1 and Western Zone TV1 Licence Areas) Determination (No. 2) 2012 [F2012L00969].

Broadcasting Services (Events) Notice (No. 1) 2010—Amendment No. 3 of 2012 [F2012L00681].

Amendment No. 4 of 2012 [F2012L00749].

Amendment No. 5 of 2012 [F2012L00728].

Amendment No. 6 of 2012 [F2012L00971].

Television Licence Area Plan (Griffith and the Murrumbidgee Irrigation Area) 2012 [F2012L00992].


Bathurst Radio – No. 1 of 2012 [F2012L00966].

Melbourne Radio – No. 1 of 2012 [F2012L00746].


Civil Aviation Act—Civil Aviation Order 82.5 Amendment Instrument 2012 (No. 1) [F2012L00660].

Civil Aviation Regulations—Civil Aviation Order 104.0 Amendment Instrument 2012 (No. 1) [F2012L00789].

Instrument No. CASA 105/12—Instructions – for approved use of P-RNAV procedures [F2012L00704].

Civil Aviation Regulations and Civil Aviation Safety Regulations—Instrument No. CASA 104/12—Instructions – RNAV (RNP-AR) approaches and departures [F2012L00711].

Civil Aviation Safety Regulations—Airworthiness Directives—

AD/B737/334 Amdt 1—Flight Deck Windows No. 2, No. 4 and No. 5 [F2012L00819].

AD/RB211/43—Engine – IP Compressor Rotor and IP Turbine Discs [F2012L00820].

AD/RB211/44—Powerplant – Fuel Flow Regulator Adjustment Test [F2012L00880].

AD/RB211/45—Air – IP Cabin Air Overtake Ducting [F2012L00879].

Instruments Nos CASA—

EX39/12—Exemption – attendance of all ARFFS staff at CASA accredited training [F2012L00679].

EX40/12—Exemption – provision of ARFFS training facilities at Avalon, Broome, Hamilton Island, Karratha, Launceston, Sunshine Coast, Rockhampton and Townsville aerodromes [F2012L00709].

EX45/12—Exemption – solo flight training using ultralight aeroplanes registered with Recreational Aviation Australia Incorporated at Moorabbin Aerodrome [F2012L00786].

EX48/12—Revocation of exemption from requirements for emergency locator transmitters and portable distress beacons – Instrument CASA EX33/08 [F2012L00787].

EX53/12—Exemption – navigation and anti-collision lights [F2012L00729].

EX58/12—Exemption – recency requirements for night flying (Skywest Airlines Pty Ltd) [F2012L00838].

EX60/12—Revocation of exemption from period that maintenance release is in force – Instrument CASA EX05/06 [F2012L00973].

EX62/12—Exemption – use of radiocommunication systems in firefighting operations [F2012L00993].
EX63/12—Exemption—agricultural rating—aerial baiting; Exemption—CASR Part 137—aerial baiting [F2012L00950].

EX64/12—Exemption—from standard take-off and landing minima—Cathay Pacific [F2012L00954].

EX65/12—Exemption—from standard take-off and landing minima—Qatar Airways [F2012L00953].

EX66/12—Exemption—from standard take-off and landing minima—Etihad Airways [F2012L00956].

EX67/12—Exemption—from standard take-off and landing minima—Singapore Airlines Ltd [F2012L00955].

EX70/12—Exemption—carriage of passengers on training flight [F2012L00994].

Manual of Standards Part 139 Amendment Instrument 2012 (No. 3) [F2012L00737].

Manual of Standards Part 173 Amendment Instrument 2012 (No. 1) [F2012L00742].

Part 66 Manual of Standards Amendment Instrument 2012 (No. 1) [F2012L00803].

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Revocation of Airworthiness Directives—
Instruments Nos CASA ADCX—
008/12 [F2012L00881].
009/12 [F2012L00934].
010/12 [F2012L00970].

Civil Aviation Safety Regulations and Civil Aviation Regulations—Instrument No. CASA EX61/12—Exemption and permission—AOC holders with winching and rappelling privileges and the Australian Transport Safety Bureau (ATSB) [F2012L00975].

Clean Energy Act—Select Legislative Instrument 2012 No. 51—Clean Energy Amendment Regulation 2012 (No. 2) [F2012L00904].


Commissioner of Taxation—Public Rulings—
Class Rulings—
Goods and Services Tax Ruling—
Miscellaneous Taxation Rulings MT 2012/1 and MT 2012/2.

Product Rulings—
Addendum—PR 2008/60.
PR 2012/5-PR 2012/7.
Taxation Rulings (old series)—Notices of Withdrawal—IT 2575 and IT 2665.

Taxation Rulings—
Addendum—TR 1999/10.
Erratum—TR 96/7.

Corporations Act—

ASIC Class Orders—
[CO 12/340] [F2012L00887].
[CO 12/415] [F2012L00982].
[CO 12/416] [F2012L00986].
[CO 12/417] [F2012L00981].
[CO 12/418] [F2012L00987].

Select Legislative Instruments 2012 Nos—
41—Corporations Amendment Regulations 2010 (No. 3) Amendment Regulation 2012 (No. 1) [F2012L00836].
42—Corporations Amendment Regulation 2012 (No. 1) [F2012L00826].
43—Corporations Amendment Regulation 2012 (No. 2) [F2012L00829].
46—Corporations Amendment Regulation 2012 (No. 3) [F2012L00831].

Criminal Code Act—Select Legislative Instrument 2012 No. 40—Criminal Code Amendment Regulation 2012 (No. 5) [F2012L00796].

Currency Act—
Currency (Perth Mint) Determination 2012 (No. 1) [F2012L00870].
Currency (Royal Australian Mint) Determination 2012 (No. 2) [F2012L00978].

Customs Act—

Instrument of Approval—Review of certain decisions concerning dumping or countervailing duties – approved forms, dated 10 April 2012 [F2012L00868].

Select Legislative Instrument 2012 No. 49—Customs Amendment Regulation 2012 (No. 1) [F2012L00892].

Tariff Concession Orders—
1131384 [F2012L00732].
1131715 [F2012L00765].
1132834 [F2012L00644].
1134597 [F2012L00646].
1134629 [F2012L00645].
1135002 [F2012L00651].
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2 of 2012—Salaries Amendment—Supply Officers Primary Qualification Pay Grade 3 Placement.

3 of 2012—Separation Allowance—amendment.

Environment Protection and Biodiversity Conservation Act—

Amendments of lists of—

CITES species, dated 28 March 2012 [F2012L00762].

Exempt native specimens—

EPBC/303DC/SFS/2012/14 [F2012L00688].
EPBC/303DC/SFS/2012/15 [F2012L00687].
EPBC/303DC/SFS/2012/16 [F2012L00915].
EPBC/303DC/SFS/2012/17 [F2012L00766].
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Specimens taken to be suitable for live import—EPBC/a303EC/SSLI/Amend/051 [F2012L00871].

Threatened ecological communities, dated—

6 March 2012 [F2012L00685].
14 March 2012 [F2012L00686].

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13 April 2012 [F2012L00928].
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Determination that a distinct population of biological entities is a species, dated 27 April 2012 [F2012L00960].

Excise Act—Excise (Blending exemptions) Determination 2012 (No. 1) [F2012L00913].

Family Law Act—Select Legislative Instrument 2012 No. 50—Family Law Amendment Regulation 2012 (No. 2) [F2012L00903].

Federal Financial Relations Act—

Federal Financial Relations (General purpose financial assistance) Determinations—

No. 36 (March 2012) [F2012L00785].

No. 37 (April 2012) [F2012L00964].


Financial Management and Accountability Act—

Financial Management and Accountability Determinations Nos—

2012/08—Section 32 (Transfer of Functions from DPMC and HEALTH to NMHC) [F2012L00917].

2012/09—Section 32 (Transfer of Functions from SEWPc to FaHCSIA and TREASURY) [F2012L00918].

2012/10—Section 32 (Transfer of Functions from DEEWR to NVETR) [F2012L00876].

2012/11—Section 32 (Transfer of Functions from AGD to DPMC) [F2012L00690].

2012/15—Section 32 (Transfer of Functions from FaHCSIA to DEEWR) [F2012L00995].


Notice under section 39A—NBN Co Limited.

Select Legislative Instrument 2012 No. 38—Financial Management and Accountability Amendment Regulation 2012 (No. 2) [F2012L00678].

Financial Management and Accountability Act, Commonwealth Authorities and Companies Act, High Court of Australia Act, Aboriginal and Torres Strait Islander Act, Defence Service Homes Act and Natural Heritage Trust of Australia Act—Finance Minister’s Orders (Financial Statements for reporting periods ending on or after 1 July 2011) [F2012L00701].

Fisheries Management Act—


Northern Prawn Fishery (Closures) Directions—

No. 155 [F2012L00683].

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No. 158 [F2012L00693].

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Small Pelagic Fishery Total Allowable Catch (Quota Species) Determination 2012 [F2012L00882].

Southern and Eastern Scalefish and Shark Fishery (Closures) Direction No. 3 2012 [F2012L00736].

Southern and Eastern Scalefish and Shark Fishery Management Plan 2003—

Southern and Eastern Scalefish and Shark Fishery Overcatch and Undercatch Determination 2012 [F2012L00718].

Southern and Eastern Scalefish and Shark Fishery Total Allowable Catch (Non-Quota Species) Determination 2012 [F2012L00714].

Southern and Eastern Scalefish and Shark Fishery Total Allowable Catch (Quota Species) Determination 2012 [F2012L00717].

Western Tuna and Billfish Fishery Management Plan 2005—Western Tuna and Billfish Fishery Overcatch and Undercatch Determination 2012 [F2012L00999].

Food Standards Australia New Zealand Act—

Australia New Zealand Food Standards Code—Standards—
1.4.2 – Maximum Residue Limits Amendment Instrument No. APVMA 3, 2012 [F2012L00668].

1.4.2 – Maximum Residue Limits Amendment Instrument No. APVMA 4, 2012 [F2012L00912].

Food Standards (Application A1056 – Dimethyl Ether as a Processing Aid for Dairy Ingredients & Products) Variation [F2012L00929].

Food Standards (Application A1060 – Food derived from Insect-protected Corn Line 5307) Variation [F2012L00932].

Food Standards (Application A1062 – Dimethyl Ether as a Processing Aid for Non-dairy Ingredients & Products) Variation [F2012L00930].


Health Insurance Act—

Health Insurance (Gippsland and South Eastern New South Wales Mobile MRI Service) Amendment Determination 2012 (No. 1) [F2012L00959].

Health Insurance (Patient Episode Initiation) Revocation Determination 2012 [F2012L00958].

Health Insurance (Poly Implant Prosthese MRI) Amendment Determination 2012 (No. 1) [F2012L00724].

Health Insurance (Poly Implant Prosthese MRI) Amendment Determination 2012 (No. 2) [F2012L00957].

Select Legislative Instruments 2012 Nos—

57—Health Insurance Legislation Amendment Regulation 2012 (No. 1) [F2012L00906].

58—Health Insurance (Pathology Services Table) Amendment Regulation 2012 (No. 1) [F2012L00907].

Higher Education Support Act—

FEE-HELP Guidelines—Amendment No. 1 [F2012L00771].

Higher Education Provider Approvals Nos—

1 of 2012—Navitas Bundoora Pty Ltd [F2012L00780].

2 of 2012—Australian School of Management Pty Ltd [F2012L00977].

VET Administration Guidelines [F2012L00739].

VET FEE-HELP Guidelines [F2012L00740].

VET Provider Approvals Nos—

3 of 2012—Royal Victorian Aero Club [F2012L00755].


5 of 2012—Productivity Partners Pty Ltd [F2012L00860].

6 of 2012—ITC Education Ltd [F2012L00861].

VET Provider Guidelines [F2012L00741].

Immigration (Guardianship of Children) Act and Migration Act—Select Legislative Instrument 2012 No. 35—Migration Legislation Amendment Regulation 2012 (No. 1) [F2012L00664].

Income Tax Assessment Act 1997—

Income Tax (Effective Life of Depreciating Assets) Amendment Determination 2012 (No. 1) [F2012L01002].

Select Legislative Instrument 2012 No. 47—Income Tax Assessment Amendment Regulation 2012 (No. 1) [F2012L00835].

Marriage Act—Marriage Regulations—Marriage (Celebrancy qualifications or skills) Amendment Determination 2012 (No. 1) [F2012L00963].


Migration Act—Migration Regulations—Instruments IMMI—

11/078—Classes of persons [F2012L00784].

12/004—Alternative English language proficiency tests to the International English Language Testing System for student visa purposes [F2012L00663].

12/005—Student visa assessment levels [F2012L00669].

12/006—Classes of persons [F2012L00665].
12/012—Making an application for a humanitarian visa; Classes of persons and addresses [F2012L00682].

12/014—Eligible education providers and educational business partners [F2012L00671].

12/037—Types of courses for student visas [F2012L00670].

12/043—Specified place [F2012L00919].

12/049—Addresses for superyacht crew visa applications [F2012L00976].

Military Justice (Interim Measures) Act (No. 1)—Select Legislative Instrument 2012 No. 53—Military Justice (Interim Measures) (Remuneration and Entitlements) Amendment Regulation 2012 (No. 1) [F2012L00908].

Military Rehabilitation and Compensation Act—Instruments Nos—


Military Rehabilitation and Compensation (Non-warlike Service) Determination 2012 (No. 2) [F2012L00779].

Ministers of State Act—Select Legislative Instrument 2012 No. 34—Ministers of State Regulation 2012 [F2012L00667].

Motor Vehicle Standards Act—


National Greenhouse and Energy Reporting Act—Select Legislative Instrument 2012 No. 52—National Greenhouse and Energy Reporting Amendment Regulation 2012 (No. 1) [F2012L00911].

National Health Act—

Instruments Nos PB—


7 of 2012—National Health (Weighted average disclosed price – second transitional disclosure cycle) Amendment Determination 2012 [F2012L00655].


13 of 2012—National Health (Listing of Pharmaceutical Benefits) Amendment Instrument 2012 (No. 2) [F2012L00730].

14 of 2012—National Health (Price and Special Patient Contribution) Amendment Determination 2012 (No. 2) [F2012L00723].

15 of 2012—Amendment determination – conditions [F2012L00715].

16 of 2012—National Health (Pharmaceutical Benefits – Therapeutic Groups) Amendment Determination 2012 (No. 1) [F2012L00680].

17 of 2012—National Health (Listed drugs on F1 or F2) Amendment Determination 2012 (No. 2) [F2012L00727].

18 of 2012—National Health (Efficient Funding of Chemotherapy) Special Arrangement Amendment Instrument 2012 (No. 2) [F2012L00721].


20 of 2012—National Health (Highly specialised drugs program for hospitals) Special Arrangement Amendment Instrument 2012 (No. 2) [F2012L00716].
21 of 2012—National Health (Botulinum Toxin Program) Special Arrangement Amendment Instrument 2012 (No. 1) [F2012L00713].


27 of 2012—National Health (Listing of Pharmaceutical Benefits) Amendment Instrument 2012 (No. 3) [F2012L00935].

28 of 2012—National Health (Price and Special Patient Contribution) Amendment Determination 2012 (No. 3) [F2012L00936].

29 of 2012—Amendment determination – conditions [F2012L00937].

31 of 2012—National Health (Highly specialised drugs program for hospitals) Special Arrangement Amendment Instrument 2012 (No. 3) [F2012L00952].

32 of 2012—National Health (Efficient Funding of Chemotherapy) Special Arrangement Amendment Instrument 2012 (No. 3) [F2012L00951].

34 of 2012—Amendment determination – conditions [F2012L01004].

Select Legislative Instruments 2012 Nos—

55—National Health (Pharmaceutical Benefits) Amendment Regulation 2012 (No. 1) [F2012L00901].

56—National Health (Pharmaceutical Benefits) Amendment Regulation 2012 (No. 2) [F2012L00902].

National Measurement Act—Recognized-value standard of measurement of position 2012 (No. 1) [F2012L00800].


Primary Industries and Energy Research and Development Act—Select Legislative Instrument 2012 No. 48—Fisheries Research and Development Corporation Amendment Regulation 2012 (No. 1) [F2012L00909].


Private Health Insurance Act—

Private Health Insurance (Benefit Requirements) Amendment Rules 2012 (No. 2) [F2012L00822].

Private Health Insurance (Benefit Requirements) Amendment Rules 2012 (No. 3) [F2012L00905].

Private Health Insurance (Complying Product) Amendment Rules 2012 (No. 2) [F2012L00720].

Private Health Insurance (Complying Product) Amendment Rules 2012 (No. 3) [F2012L01003].

Private Health Insurance (Prostheses) Amendment Rules 2012 (No. 1) [F2012L00788].

Private Health Insurance (Prostheses) Amendment Rules 2012 (No. 2) [F2012L00989].

Public Lending Right Act—Public Lending Right Scheme 1997 (Modification No. 1 of 2012) [F2012L00961].

Radiocommunications Act—

1900-1920 MHz Frequency Band Plan 2012 [F2012L00733].


Remuneration Tribunal Act—Determination 2012/07—Remuneration and Allowances for Holders of Public Office [F2012L00751].

Social Security Act—

Social Security (Australian Government Disaster Recovery Payment) Amendment Determination 2012 (No. 1) [F2012L00677].

Social Security (Australian Government Disaster Recovery Payment) Amendment Determination 2012 (No. 2) [F2012L00889].

Social Security (Australian Government Disaster Recovery Payment) Amendment Determination 2012 (No. 3) [F2012L00988].
Social Security (Australian Government Disaster Recovery Payment) Determination 2012 (No. 4) [F2012L00676].

Social Security (Clean Energy – Multiple Qualification Exclusion) (DEEWR) Determination 2012 [F2012L00984].

Social Security (Clean Energy – Multiple Qualification Exclusion) (FaHCSIA) Determination 2012 [F2012L00948].


Social Security (Clean Energy Advance – Top-up Payment) (FaHCSIA) Determination 2012 [F2012L00949].


Social Security (Essential Medical Equipment Payment – Medical Conditions) Specification 2012 [F2012L00697].


Social Security (International Agreements) Act—Select Legislative Instrument 2012 No. 54—Social Security (International Agreements) Amendment Regulation 2012 (No. 1) [F2012L00910].


Taxation Administration Act 1953—PAYG withholding—Variation of withholding for low income minors where no TFN or ABN provided [F2012L00884].

Select Legislative Instrument 2012 No. 37—Taxation Administration Amendment Regulation 2012 (No. 1) [F2012L00666].

Telecommunications Cabling Provider Amendment Rules 2012 (No. 1) [F2012L00946].

Telecommunications (Carrier Licence Exemption) Determination 2012 (No. 1) [F2012L00792].


Telecommunications (Interception and Access) Act—


Television Licence Fees Act—Select Legislative Instrument 2012 No. 31—Television Licence Fees Amendment Regulations 2012 (No. 1) [F2012L00659].

Therapeutic Goods Act—

Poisons Standard Amendment No. 1 of 2012 [F2012L00943].

Therapeutic Goods Information (Stakeholder Consultation on Database of Adverse Event Notification) Specification 2012 [F2012L00972].

Therapeutic Goods (Listing) Notice 2012 (No. 1) [F2012L00990].

Therapeutic Goods (Listing) Notice 2012 (No. 2) [F2012L00991].
Veterans' Entitlements Act—
Instruments Nos—

Statements of Principles concerning—
Carotid Arterial Disease No. 37 of 2012 [F2012L00940].
Carotid Arterial Disease No. 38 of 2012 [F2012L00941].
Otitic Barotrauma No. 35 of 2012 [F2012L00945].
Otitic Barotrauma No. 36 of 2012 [F2012L00947].
Psoriasis No. 31 of 2012 [F2012L00938].
Psoriasis No. 32 of 2012 [F2012L00939].
Tinnitus No. 33 of 2012 [F2012L00942].
Tinnitus No. 34 of 2012 [F2012L00944].


Departmental and Agency Appointments

The following documents were tabled pursuant to the order of the Senate of 24 June 2008, as amended:
Departmental and agency appointments and vacancies—Budget estimates—Letters of advice—
Human Services portfolio.
Prime Minister and Cabinet portfolio [2].

Departmental and Agency Grants

The following documents were tabled pursuant to the order of the Senate of 24 June 2008:
Departmental and agency grants—Budget estimates—Letters of advice—
Attorney-General's portfolio.
Australian National Preventative Health Agency.
Human Services portfolio.
Prime Minister and Cabinet portfolio [2].
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Employment and Workplace Relations
(Question No. 1304)

Senator Abetz asked the Minister representing the Minister for Employment and Workplace Relations, upon notice, on 31 October 2011:

In regard to the Employment and Workplace Relations portfolio, how many reviews, advisory councils or inquiries has the Government conducted or commissioned since 2007 and:

(a) what is the cost of each;
(b) who chairs or chaired each review, advisory council or inquiry;
(c) have any of these made any recommendations in relation to the Fair Work Act 2009;
(d) has the Government taken action on any of these reviews; and
(e) has the Government taken action on any recommendations in relation to the Fair Work Act.

Senator Ludwig: The Minister for Employment and Workplace Relations has provided the following answer to the honourable senator's question:

Details of reviews, advisory councils and inquiries conducted in the Employment Workplace Relations portfolio from November 2007 until October 2011 are in the following table.

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<tbody>
<tr>
<td>Indigenous Business Policy Advisory Group (IBPAG)</td>
<td>$5,057.12*</td>
<td>DEEWR chaired the first meeting. It is expected that a chair will be selected by the second meeting of the IBPAG.</td>
<td>No</td>
<td>The IBPAG has not yet made any recommendation to the Australian Government.</td>
<td>N/A</td>
</tr>
<tr>
<td>Jobs Fund—Get Communities Working (GCW) Advisory Council</td>
<td>Nil</td>
<td>Patricia Faulkner</td>
<td>No</td>
<td>GCW Advisory Council's advice was considered in regard to the projects in aggregate identified for funding under the Jobs Fund's Get Communities Working stream. The Council also contributed to the changes in the Get Communities Working stream's guidelines for the second funding round of the Jobs Fund.</td>
<td>N/A</td>
</tr>
<tr>
<td>Disability Employment Services Review</td>
<td>$272,800</td>
<td>The Hon Brendan O’Connor MP</td>
<td>No</td>
<td>Yes, Disability Employment Services implemented 1 March 2010</td>
<td>N/A</td>
</tr>
<tr>
<td>The Review of the Supported Wage System</td>
<td>$384,000</td>
<td>N/A</td>
<td>No</td>
<td>N/A – in progress</td>
<td>N/A</td>
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<tr>
<td>Review of the National Disability Recruitment Coordinator Program</td>
<td>N/A – internal review</td>
<td>N/A – departmental staff completing the work</td>
<td>No</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Review of the Job Seeker Classification Instrument, conducted in 2008-09</td>
<td>$182,893</td>
<td>N/A</td>
<td>No</td>
<td>June 2009 — Introduction of updated JSCI enabling referral of job seekers to appropriate servicing in Job Services Australia and Disability Employment Services.</td>
<td>N/A</td>
</tr>
<tr>
<td>Review of the Job Capacity Assessment Program, conducted in 2007-08</td>
<td>N/A</td>
<td>N/A</td>
<td>No</td>
<td>November 2009 — Significant reforms to Job Capacity Assessments responding to the Government's Social Inclusion Agenda including commitment to address qualifications of assessors and use of specialist assessment.</td>
<td>N/A</td>
</tr>
<tr>
<td>Consultation on future employment services — The Government sought feedback on the operation of Job Services Australia and Disability Employment Services.</td>
<td>N/A</td>
<td>N/A</td>
<td>No</td>
<td>The Government responded to the feedback it received in the 2011-12 Budget.</td>
<td>N/A</td>
</tr>
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<td>Industry Reference Group — established in 2009</td>
<td>Cost met from Departmental resources</td>
<td>Lisa Paul AO PSM, Secretary</td>
<td>No</td>
<td>The Industry Reference Group on Employment Services Purchasing conducted a review on the mid-term business reallocation process. Their report was endorsed by the Minister for Employment Participation and recommendations implemented as part of the mid-term business reallocation process.</td>
<td>N/A</td>
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<td>Independent review of the impact of the job seeker compliance framework (Disney Review)</td>
<td>$115,000</td>
<td>Professor Julian Disney AO</td>
<td>No</td>
<td>Measures announced as part of Building Australia's Future Workforce in the 2011-12 Budget.</td>
<td>N/A</td>
</tr>
<tr>
<td>Review of DEEWR Social Security Appeals and Litigation Arrangements Employment Services Review</td>
<td>$5,000</td>
<td>Lisa Paul AO PSM, Secretary</td>
<td>No</td>
<td>Yes. The recommendations of the review report (available at <a href="http://www.deewr.gov.au/employment/Pages/SocialSecurityAppealLit.aspx">http://www.deewr.gov.au/employment/Pages/SocialSecurityAppealLit.aspx</a>) have been implemented.</td>
<td>N/A</td>
</tr>
<tr>
<td>Review of Remote Participation and Employment Services</td>
<td>Cost was met within Departmental resources (DEEWR and FAHCSIA)</td>
<td>N/A</td>
<td>No</td>
<td>Implementation of Job Services Australia</td>
<td>N/A</td>
</tr>
<tr>
<td>Taskforce on Strengthening Government Service Delivery for Job Seekers</td>
<td>Cost met within Departmental resources (DEEWR and the now DHS)</td>
<td>Graham Carters headed a cross agency taskforce</td>
<td>No</td>
<td>Report has been published. Recommendations implemented by Department of Human Services on job seeker servicing arrangements (Local Connections to Work) and employment services in 2012 (job seeker workshops).</td>
<td>N/A</td>
</tr>
<tr>
<td>National Review into Model Occupational Health and Safety Laws</td>
<td>$1,500,000</td>
<td>Robin Stewart-Crompton</td>
<td>No</td>
<td>The report was responded to by WRMC and Safe Work Australia was tasked with implementing the reforms. The reforms have mainly been completed (model WHS legislation implemented in 5 jurisdictions as at 1/1/12; other 4 jurisdictions implementation outstanding).</td>
<td>N/A</td>
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<td>Transition to Fair Work Australia for the Building and Construction Industry</td>
<td>$330,796.31</td>
<td>The Hon Murray Wilcox QC</td>
<td>No</td>
<td>Yes</td>
<td>N/A</td>
</tr>
<tr>
<td>Asbestos Management Review</td>
<td>$1.5 million over three financial years</td>
<td>Mr Geoff Fary</td>
<td>No</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Review of Self Insurance Arrangements under the Comcare Scheme</td>
<td>$193,744</td>
<td>N/A</td>
<td>No</td>
<td>N/A</td>
<td>N/A</td>
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</tbody>
</table>

Introduction into Parliament of the Building and Construction Industry Improvement Amendment (Transition to Fair Work) Bill 2009 which subsequently lapsed when the 2010 Federal election was called. This Bill was reintroduced as the Building and Construction Industry Improvement Amendment (Transition to Fair Work) Bill 2011 on 3 November 2011 and was passed by the Parliament on 20 March 2012.

DEEWR published its report to the Minister on the Department's website. The Department's report made a number of recommendations. On 25 September 2009, the Minister for Employment and Workplace Relations announced a number of changes to Commonwealth workers' compensation arrangements in response to the review. The Safety, Rehabilitation and Compensation and Other Legislation Amendment Act 2011, which implemented these changes, was passed by the Parliament on 25 November 2011.
### QUESTIONS ON NOTICE

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<tr>
<td>Booth Report 2009</td>
<td>$25,559</td>
<td>Ms Anna Booth of CoSolve</td>
<td>No</td>
<td>The Government is having regard to the Booth report as part of its consideration of future funding arrangements for those Community Based Employment Advisory Services which currently receive funding from the Fair Work Ombudsman. The government is seeking joint formal funding arrangements with the relevant state and territory governments and has commenced consultations to facilitate this.</td>
<td>N/A</td>
</tr>
<tr>
<td>Review of Working Women's Centres 2008/2009</td>
<td>$94,873.90</td>
<td>N/A</td>
<td>No</td>
<td>The findings of this review were considered in the broader review of community Based employment Advice Services undertaken by CoSolve on behalf of the Fair Work Ombudsman.</td>
<td>N/A</td>
</tr>
<tr>
<td>OECD Review of Australia's Activation Policies Review of Migration Occupations in Demand List Methodology</td>
<td>Approx $134,000*</td>
<td>OECD</td>
<td>No</td>
<td>Not applicable—final report due in 2012</td>
<td>N/A</td>
</tr>
</tbody>
</table>

^This cost has been updated since it was last provided in response to previous questions

*GST does not apply to these costs
Defence: Strategic Reform Program
(Question No. 1581)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 March 2012:

For the period 1 July to 31 December 2011, what specific savings have been made in the Strategic Reform Program (SRP) 'Provisional Savings and Costs - Gross SRP Stream Savings' for:

(a) information and communications technology;
(b) inventory;
(c) logistics;
(d) non equipment procurement;
(e) Reserves;
(f) shared services; and
(g) workforce.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

Cost reductions under the Strategic Reform Program (SRP) are based on annual budgets. In 2011-12 the cost reductions under the SRP is $1,283.9 million. This will be achieved through initiatives under seven SRP streams distributed as follows:

1. Information and Communication Technologies—$147.5 million;
2. Smart Sustainment (including Inventory)—$ 370.2 million;
3. Logistics—$8.3 million;
4. Non-equipment Procurement—$206.6 million;
5. Reserves—$28.1 million;
6. Workforce and Shared Services—$237.6 million; and
7. Other cost reductions—$285.5 million.

*Summation variances are due to rounding

These figures have been updated since their publication in "Strategic Reform Program: Delivering Force 2030".

The annual budgets for activities targeted through streams have been reduced by amounts that reflect cost reductions agreed by Government. As at 31 December 2011, Defence had expensed 46.1 per cent of annual budgets captured by SRP streams.

Based on an expected pattern of expenditure over the 6 months to end June 2012, Defence is confident it will deliver its required business outcomes within these reduced annual budgets.

Defence will publish the stream cost reductions achieved for the full financial year in the Defence Annual Report 2011-12 which is expected to be released in late 2012.

Defence: Strategic Reform Program
(Question No. 1582)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 March 2012:

For the period 1 July to 31 December 2011, what specific savings have been made in the Strategic Reform Program (SRP) 'Provisional Savings and Costs - SRP Stream Costs' for:
(a) information and communications technology;
(b) inventory;
(c) smart maintenance;
(d) logistic;
(e) non equipment procurement;
(f) preparedness and personnel and operating costs;
(g) Reserves;
(h) shared services;
(i) workforce; and
(j) Mortimer implementation.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

There are no savings associated with the 'SRP Stream Costs'. The 'SRP Stream Costs' are those funds allocated for SRP-related reform. The SRP includes over $2 billion in the Defence Budget to 2018-19 in order to support investment and enable implementation of reforms over the SRP life to 2018-19. In 2011-12, investments to enable reforms have been made in Information and Communications Technology, Smart Sustainment (including Inventory) and Workforce and Shared Services.

**Defence: Strategic Reform Program**

(No: 1583)

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 5 March 2012:

For the period 1 July to 31 December 2011, what specific savings have been made in the Strategic Reform Program (SRP) 'Provisional Savings and Costs – SRP Stream Net Savings' for:

(a) information and communications technology;
(b) inventory;
(c) smart maintenance;
(d) logistic;
(e) non equipment procurement;
(f) preparedness and personnel and operating costs;
(g) Reserves;
(h) shared services; and
(i) workforce.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

The cost reduction programs and investment programs are managed separately to ensure that Defence achieves its agreed outcomes and can develop reform projects that will deliver enduring benefits. Investment funds can be allocated to both cost reduction and non-cost reduction SRP reform streams, and to Groups and Services for a variety of reform activities. As such the investment funds cannot be solely attributable to cost reduction streams, and thus not considered on a net basis.
Developing a 'net' view by reducing the SRP cost reduction target by the total SRP investment funds is misleading due to the different nature of the programs and their management, as it is not a one-to-one relationship.

Defence will publish the stream cost reductions achieved for the full financial year in the Defence Annual Report 2011-12 which is expected to be released in late 2012.

Defence: Strategic Reform Program
(Question No. 1584)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 March 2012:

For the period 1 July to 31 December 2011, what specific savings have been made in the Strategic Reform Program 'Other Savings' for the following areas:

(a) zero based budgeting review;
(b) minor capital program;
(c) facilities program;
(d) administrative; and
(e) productivity.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

The annual budgets for activities targeted through streams have been reduced by amounts that reflect cost reductions agreed by Government. As at 31 December 2011, Defence had expensed 46.1 per cent of annual budgets captured by Strategic Reform Program (SRP) streams. Based on an expected pattern of expenditure over the 6 months to end June 2012, Defence is confident it will deliver its required business outcomes within these reduced annual budgets.

Defence will publish the stream cost reductions achieved for the full financial year in the Defence Annual Report 2011-12 which is expected to be released in late 2012.

Defence: Submarines
(Question No. 1594)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 March 2012:

For the period 1 July to 31 December 2011:

(1) Which submarines in the Royal Australian Navy fleet were fully operational ready for tasking with a full crew complement and capable of completing Unit Ready Days and Tasking Ready Days. (2) How many actual sea going fully operational days were achieved by each submarine.

Senator Chris Evans: The Minister has provided the following answer to the honourable senator's question:

(1) As explained in responses to Senate Question on Notice No.759 of July 2011 and Questions on Notice No.34, No.37, and No.38 of from the October 2011 Estimates hearing, Navy applies the definition of 'operating cycle' in unclassified responses to questions on the operational status of naval vessels. The operational status of submarines in accordance with this definition for the period 1 July to 31 December 2011 has been reported in the response to Senate Question 1601. Over the same period, HMAS Waller was fully crewed until August 2011, after which the crew transferred to HMAS Collins for the remainder of 2011. HMAS Farncomb and Dechaineux were fully crewed over the period 1 July to 31 December 2011. As explained in the response to Question on Notice No.34, and in a written

QUESTIONS ON NOTICE
response to a similar question raised during the private briefing to the Senate Standing Committee on Foreign Affairs, Defence and Trade on 11 October 2011, Defence has not and does not use the term 'task ready days'.

(2) The actual sea going days achieved by each submarine is not disclosed for national security reasons. Defence continues to offer to provide more detailed information in private briefings to the Senate Standing Committee on Foreign Affairs, Defence and Trade.

**Defence: Submarines**

(Question No. 1595)

*Senator Johnston* asked Minister representing the Minister for Defence, upon notice, on 5 March 2012:

For the period 1 July to 31 December 2011:

(a) which submarines in the Royal Australian Navy (RAN) fleet were non operational; and
(b) for each submarine that was non operational, what was the reason for its non operational status.

(2) For the period 1 July to 31 December 2011, which submarines in the RAN fleet were: (a) fully operational and ready to respond to 'war like' situations; and (b) for what periods.

(3) What was the cost of maintaining the six submarines for the periods: (a) 1 July to 31 December 2011; and (b) 1 January to 31 December 2011.

(4) What was the total cost of operating the six submarines for the periods: (a) 1 July to 31 December 2011; and (b) 1 January to 31 December 2011.

(5) What was the total cost of upgrading the six submarines for the periods: (a) 1 July to 31 December 2011; and (b) 1 January to 31 December 2011.

(6) What were the crewing complements for each of the six submarines for each month in the periods: (a) 1 July to 31 December 2011; and (b) 1 January to 31 December 2011.

*Senator Chris Evans:* The Minister has provided the following answer to the honourable senator's question:

(1) (a) (b) (2) (a) (b). As explained in responses to Senate Question on Notice No.759 of July 2011 and Questions on Notice No.34, No.37, and No.38 from the October 2011 Estimates hearing, Navy now applies the definition of 'operating cycle' in unclassified responses to questions on the operational status of naval vessels. The operational status of submarines in accordance with this definition for the period 1 July to 31 December 2011 has been reported in the response to Senate Question No.1601.

(3) (a) The total cost of maintaining the six submarines over the period 1 July to 31 December 2011 was $214.5 million.

(b) The total cost of maintaining the six submarines over the period 1 January to 31 December 2011 was $477.3 million.

(4) (a) The total cost of operating the six submarines over the period 1 July to 31 December 2011 was $81.9 million.

(b) The total cost of operating the six submarines over the period 1 January to 31 December 2011 was $165.6 million.

(5) (a) The total cost of upgrading the six submarines over the period 1 July to 31 December 2011 was $20.3 million.

(b) The total cost of upgrading the six submarines over the period 1 January to 31 December 2011 was $45.2 million.

(6) (a) Submarines were crewed as follows over the period 1 July to 31 December 2011:
(i) HMAS Collins – full complement from August 2011 following transfer of the crew from HMAS Waller.

(ii) HMAS Farncomb – full complement throughout.

(iii) HMAS Waller – full complement until August 2011, at which time the crew transferred to HMAS Collins.

(iv) HMAS Dechaineux – full complement throughout.

(v) HMAS Sheean – not crewed throughout.

(vi) HMAS Rankin – not crewed throughout.

6 (b) Submarines were crewed as follows over the period 1 January to 31 December 2011:

(i) HMAS Collins – not crewed until August 2011, then full complement for the remainder of the year.

(ii) HMAS Farncomb – full complement throughout.

(iii) HMAS Waller – full complement until August 2011, then not crewed for remainder of year.

(iv) HMAS Dechaineux – full complement throughout.

(v) HMAS Sheean – not crewed throughout.

(vi) HMAS Rankin – not crewed throughout.

Defence: Staffing
(Question No. 1601)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 March 2012:

For the period 1 July to 31 December 2011:

1) Which naval vessels were fully operational with a full crew complement.

2) Which naval vessels were not fully operationally ready for immediate tasking.

3) For each naval vessel that was non-operationally ready, what was the reason for its non operational status.

4) What were the operational strengths on all naval vessels of the: (a) engineering officers and sailors; and (b) non engineering officers and sailors.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

Major Surface Combatants and Amphibious Ships:

1) to (3) During the period 1 July to 31 December 2011 the operational availability status of Surface Force naval vessels is summarised in the table below.

<table>
<thead>
<tr>
<th>HMA Ship</th>
<th>Operationally Available</th>
<th>Not Operationally Available</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Darwin</td>
<td>01 Jul – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Melbourne</td>
<td>01 Jul – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newcastle</td>
<td>01 Jul – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sydney</td>
<td>01 Jul – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anzac</td>
<td>11 Jul – 31 Dec</td>
<td>01 Jul – 10 Jul</td>
<td>Extended Readiness. Insufficient qualified marine technician (MT) sailors</td>
</tr>
</tbody>
</table>
QUESTIONS ON NOTICE

HMA Ship | Operationally Available | Not Operationally Available | Comment
--- | --- | --- | ---
Arunta | 01 Jul – 31 Dec | | Extended Readiness. Insufficient qualified MT sailors
Ballarat | 01 Jul – 17 Jul | 18 Jul – 23 Jul | Unscheduled defect rectification
Parramatta | 01 Jul – 17 Jul | 18 Jul – 28 Jul | Unscheduled defect rectification
 | 29 Jul – 04 Aug | 05 Aug – 14 Aug | 
 | 15 Aug – 31 Dec | | 
Perth | 01 Jul – 31 Dec | 5 Sep – 31 Dec | Extended Readiness. Insufficient qualified MT sailors
Stuart | 01 Jul – 4 Sep | | 
Toowoomba | 01 Jul – 31 Dec | | 
Warramunga | 03 Jul – 31 Dec | 01 Jul – 03 Jul | Unscheduled defect rectification

**Afloat Support Ships**

<table>
<thead>
<tr>
<th>Name</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success</td>
<td>01 Jul – 09 Sep</td>
</tr>
<tr>
<td>Sirius</td>
<td>01 Jul – 12 Aug</td>
</tr>
<tr>
<td></td>
<td>31 Aug – 31 Dec</td>
</tr>
</tbody>
</table>

**Amphibious Ships**

<table>
<thead>
<tr>
<th>Name</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kanimbla</td>
<td>1 Jul – 25 Nov</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Tobruk</td>
<td>01 Jul – 31 Jul</td>
</tr>
<tr>
<td></td>
<td>05 Sep – 30 Oct</td>
</tr>
<tr>
<td></td>
<td>8 Nov – 31 Dec</td>
</tr>
<tr>
<td>Choules</td>
<td>14 Oct – 31 Dec</td>
</tr>
<tr>
<td>Balikpapan</td>
<td>01 Jul – 31 Dec</td>
</tr>
<tr>
<td></td>
<td>20 Oct – 31 Dec</td>
</tr>
<tr>
<td>Brunei</td>
<td>01 Jul – 31 Dec</td>
</tr>
<tr>
<td>Labuan</td>
<td>01 Jul – 31 Dec</td>
</tr>
<tr>
<td>Tarakan</td>
<td>01 Jul – 31 Dec</td>
</tr>
<tr>
<td>Wewak</td>
<td>01 Jul – 31 Dec</td>
</tr>
</tbody>
</table>

(4) Excluding HMA Ships Anzac/Stuart and Arunta, which were de-crewed at different stages of the second half of 2011, the operational manning strengths in the Navy's crewed Surface Force vessels during the period were as follows:

(a) Ninety six per cent crewed with engineering officers and 92 per cent crewed with engineer sailors; and

(b) Ninety six per cent crewed with non-engineering officers and 90 per cent crewed with non-engineer sailors.

**Submarines:**

(1) to (3) During the period 1 July to 31 December 2011 the operational availability status of Submarine Force vessels is summarised in the attached table.
The operational manning strengths in the Navy’s Submarine Force during the period were:

(a) One hundred per cent crewed with engineer officers and 95 percent crewed with engineer sailors; and

(b) Ninety per cent crewed with non-engineer officers and 97 percent crewed with non-engineer sailors.

Mine Hunting and Clearance Diving Forces:

(1) to (3) During the period 1 July to 31 December 2011 the operational availability status of Mine Hunting and Clearance Diving Force are summarised in the attached table:

<table>
<thead>
<tr>
<th>HMA Ship</th>
<th>Operationally Available</th>
<th>Not Operationally Available</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mine Hunter Coastal</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Diamantina</em></td>
<td>01 Jul – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Gascoyne</em></td>
<td>01 Jul – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Huon</em></td>
<td>01 Jul – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Yarra</em></td>
<td>01 Jul – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Hawkesbury</em></td>
<td>01 Jul – 31 Dec</td>
<td></td>
<td>Government approved placing this vessel at extended readiness availability (de-crewed.) from December 2009.</td>
</tr>
<tr>
<td><strong>Mine Sweeping Auxiliary</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Wallaroo</em></td>
<td>13 Jul -15 Aug</td>
<td>01 Jul – 12 Jul</td>
<td>This vessel was placed on short-term reactive notice for sea from October 2010 for nuclear powered warship (NPW) support duties (de-crewed.) The in 'operating cycle dates' relate to activation for NPW duties</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16 Aug – 31 Dec</td>
<td></td>
</tr>
</tbody>
</table>
QUESTIONS ON NOTICE

HMA Ship Operationally Available Not Operationally Available Comment

| Bandicoot | 01 Jul – 31 Dec | This vessel was placed on short-term reactive notice for sea from October 2010 for NPW/support duties (de-crewed.)

Australian Clearance Diving Teams
One 01 Jul – 31 Dec
Four 01 Jul – 31 Dec

(4) The operational manning strengths in the Navy’s Mine Hunting Force vessels (with the exception of Hawkesbury and Norman in Extended Readiness Availability) during the period were:

(a) Manning for all Mine Counter Measures (MCM) platforms was commensurate with tasking requirements. Mine Hunters were 98.6 per cent crewed with engineering officers (roles are performed by Chief Petty Officer marine technicians borne as senior technical officers) and 87.5 per cent crewed with engineering sailors. Engineering Department consists of both mechanical and electrical technicians; the majority of engineering manning shortfalls came from the Electrical Technician Branch. Mine Sweeper Auxiliary Wallaroo was commensurate with tasking requirements as of July 2011 at 7 days notice for sea, 100 per cent crewed with engineering officers roles (performed by Petty Officer marine technicians borne as senior technical officers) and 100 per cent crewed with engineering sailors.

(b) Due to an extant deficiency in qualified mine warfare and clearance diving officers, the Mine Hunters were manned with 83 per cent of the required skill set. Supplementation of the qualification requirements was achieved through the use of mine warfare officers and Australian Naval reserves. Non-engineering departments were manned with 93 per cent skill set required to achieve necessary tasks.

Hydrographic Forces:
(1) to (3) During the period 01 July to 31 December 2011 the operational availability status of Hydrographic Forces is summarised in the attached table:

HMA Ship Operationally Available Not Operationally Available Comment

<table>
<thead>
<tr>
<th>HMA Ship</th>
<th>Operationally Available</th>
<th>Not Operationally Available</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leeuwin</td>
<td>01 Jul – 18 Jul</td>
<td></td>
<td>Unscheduled defect rectification</td>
</tr>
<tr>
<td>Paluma</td>
<td>01 Jul – 31 Jul</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benalla</td>
<td>01 Jul–31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shepparton</td>
<td>01 Jul – 18 Aug</td>
<td>19 Aug - 22 Aug</td>
<td>Unscheduled defect rectification</td>
</tr>
<tr>
<td></td>
<td>23 Aug – 11 Sep</td>
<td>12 Sep - 30 Sep</td>
<td>Temporary personnel deficiencies</td>
</tr>
<tr>
<td></td>
<td>01 Oct – 16 Oct</td>
<td>17 Oct - 08 Nov</td>
<td>due to undiagnosed virus with ship remaining alongside.</td>
</tr>
<tr>
<td></td>
<td>09 Nov – 12 Dec</td>
<td>13 Dec – 31 Dec</td>
<td></td>
</tr>
<tr>
<td>Mermaid</td>
<td>08 Jul – 31 Dec</td>
<td>01 Jul – 07 Jul</td>
<td>Unscheduled defect rectification</td>
</tr>
</tbody>
</table>

Note: Shepparton lost 22 days due to an undiagnosed viral-like illness that infected many of the crew and key command members. Appropriate health measures were taken including not exposing operational reliefs to the illness and therefore the ship was kept alongside until key personnel were fit
for sea. The ship remained fully crewed, but remained alongside to ensure full and expeditious recovery of crew from illness.

(4) The operational manning strengths in the Navy's hydrographic vessels during the period were:
(a) Hydrographic units were 100 per cent crewed with engineer officers and 100 per cent crewed with Engineer Sailors
(b) Hydrographic units were 100 per cent crewed with non-engineer officers and 100 per cent crewed with non-engineer sailors.

**Patrol Boat Force:**

(1) to (3) During the period 1 July to 31 December 2011 the operational availability status of Patrol Boat Force vessels is summarised in the attached table.

**HMA Ship Operationally Available Not Operationally Available Comment**

<table>
<thead>
<tr>
<th>HMA Ship</th>
<th>Operationally Available</th>
<th>Not Operationally Available</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armidale</td>
<td>01 Jul – 14 Aug</td>
<td>15 Aug – 19 Aug</td>
<td>Unscheduled defect rectification</td>
</tr>
<tr>
<td></td>
<td>20 Aug – 21 Aug</td>
<td>22 Aug – 18 Sep</td>
<td></td>
</tr>
<tr>
<td></td>
<td>19 Sep – 25 Sep</td>
<td>26 Sep – 02 Oct</td>
<td></td>
</tr>
<tr>
<td></td>
<td>03 Oct – 09 Oct</td>
<td>10 Oct – 11 Oct</td>
<td></td>
</tr>
<tr>
<td></td>
<td>12 Oct – 07 Nov</td>
<td>08 Nov – 10 Nov</td>
<td></td>
</tr>
<tr>
<td></td>
<td>11 Nov – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Larrakia</td>
<td>01 Jul – 04 Dec</td>
<td>05 Dec – 06 Dec</td>
<td>Unscheduled defect rectification</td>
</tr>
<tr>
<td></td>
<td>07 Dec – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bathurst</td>
<td>01 Jul – 28 Nov</td>
<td>29 Nov – 04 Dec</td>
<td>Unscheduled defect rectification</td>
</tr>
<tr>
<td></td>
<td>05 Dec – 11 Dec</td>
<td>12 Dec – 18 Dec</td>
<td></td>
</tr>
<tr>
<td></td>
<td>19 Dec – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Albany</td>
<td>01 Jul – 04 Sep</td>
<td>05 Sep – 05 Sep</td>
<td>Unscheduled defect rectification</td>
</tr>
<tr>
<td></td>
<td>06 Sep – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pirie</td>
<td>01 Jul – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maitland</td>
<td>01 Jul – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ararat</td>
<td>16 Oct – 31 Dec</td>
<td>01 Jul – 27 Sep</td>
<td>Planned operational release docking to rectify latent defects from build and achieve delivery baseline</td>
</tr>
<tr>
<td></td>
<td></td>
<td>28 Sep – 15 Oct</td>
<td>Unscheduled defect rectification</td>
</tr>
<tr>
<td>Broome</td>
<td>01 Jul – 17 Jul</td>
<td>18 Jul – 03 Oct</td>
<td>Planned operational release docking to rectify latent defects from build and achieve delivery baseline</td>
</tr>
<tr>
<td></td>
<td>06 Oct – 31 Dec</td>
<td>03 Oct – 05 Oct</td>
<td>Unscheduled defect rectification</td>
</tr>
<tr>
<td>Bundaberg</td>
<td>01 Jul – 06 Aug</td>
<td>07 Aug – 08 Aug</td>
<td>Unscheduled defect rectification</td>
</tr>
<tr>
<td></td>
<td>09 Aug – 04 Sep</td>
<td>05 Sep – 26 Sep</td>
<td>Planned operational release docking to rectify latent defects from build and achieve delivery baseline</td>
</tr>
<tr>
<td></td>
<td>03 Oct – 31 Dec</td>
<td>28 Sep – 02 Oct</td>
<td></td>
</tr>
<tr>
<td>Wollongong</td>
<td>01 Jul – 31 Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Childers</td>
<td>01 Jul – 31 Dec</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
HMA Ship | Operationally Available | Not Operationally Available | Comment
---|---|---|---
Launceston | 01 Jul – 19 Sep 17 Dec – 31 Dec | 20 Sep – 25 Sep 26 Sep – 17 Dec | Unscheduled defect rectification Planned operational release docking to rectify latent defects from build and achieve delivery baseline
Maryborough | 01 Jul – 31 Dec 01 Jul – 14 Sep 30 Sep – 31 Dec | 15 Sep – 29 Sep | Unscheduled defect rectification
Glenelg | | | 

(4) The operational manning strength in the Navy's Patrol Boat Force during the period was:
(a) 92.5 per cent crewed with engineer officers and 88.3 per cent crewed with engineer sailors; and
(b) 98 per cent crewed with non-engineer officers and 89.1 per cent crewed with non-engineer sailors.

**Defence: Hospitality**

(Question Nos 1609 and 1611)

Senator Johnston asked Minister representing the Minister for Defence, upon notice, on 5 March 2012:

(1) For the period 1 July to 31 December 2011: (a) what was the hospitality spend for each agency within the responsibility of the Minister/Parliamentary Secretary; and (b) for each hospitality event, can the following details be provided: (i) the date, (ii) the location, (iii) the purpose, (iv) the cost, and (v) the number of attendees. (2) For the period 1 July to 31 December 2011, can details be provided of the total hospitality spend for the office of the Minister/Parliamentary Secretary. 1609 Minister representing the Minister for Defence 1610 Minister representing the Minister for Defence Materiel 1611 Minister representing the Minister for Defence Science and Personnel

Senator Chris Evans: The Minister has provided the following answer to the honourable senator's question:

(1) (a) The Defence Portfolio's total expenditure on Hospitality (excluding the Minister's Office and minor Portfolio bodies), for the period 1 July 2011 to 31 December 2011 is $658,977. Details for each agency are shown on Table 1.

(b) Details of: date, location, purpose, cost (GST exclusive) and number of attendees of each event are provided at Table 2.

(2) Table 3 provides Hospitality spend for the period 1 July 2011 to 31 December 2011, for Minister for Defence, Minister for Defence Materiel and Minister for Defence Science and Personnel. Details provided include: date, location, purpose and cost (GST exclusive) of each event for the period 1 July 2011 to 31 December 2011.

**Attachments:**

Table 1: Summary of Hospitality and Representational Allowance Expenditure for the Period 1 July 2011 to 31 December 2011.
Table 2: Event Level Detail for Defence, DMO and DHA.
Table 3: Event Level Detail for Ministerial Hospitality.

*All attachments are available from the Senate Table Office.*
Defence: Overseas Travel
(Question Nos 1612 to 1614)

Senator Johnston asked the Ministers for Defence, Defence Material and Science and Personnel, upon notice, on 5 March 2012:

For the period 1 July to 31 December 2011:
(1) (a) Did the Minister/Parliamentary Secretary travel overseas on official business; if so:
   (i) to what destination,
   (ii) for what duration, and
   (iii) for what purpose; and
   (b) what was the total cost of:
      (i) travel,
      (ii) accommodation, and
      (iii) any other expenses.

(2) (a) Which departmental and uniformed personnel accompanied the Minister/Parliamentary Secretary on each trip; and
   (b) for those personnel, what was the total cost of:
      (i) travel,
      (ii) accommodation, and
      (iii) any other expenses.

(3) (a) Apart from ministerial staff and uniformed and civilian departmental personnel, who else accompanied the Minister/Parliamentary Secretary on each trip; and
   (b) for each of these people, what was the total cost of:
      (i) travel,
      (ii) accommodation, and
      (iii) any other expenses.

Senator Chris Evans: the answer to the honourable senator's question is as follows:

(1) The costs of all travel undertaken by each Minister and Parliamentary Secretary are paid by the Department of Finance and Deregulation (DoFD). All costs are tabled in Parliament every 6 months in a report titled 'Parliamentarians Travel'. This report contains the information requested, including dates, destination and purpose of travel. It is also published on the DoFD website.

(2) This question is similar to Question on Notice No.66 from the February 2012 Senate Additional Estimates hearing. The information requested in this question has therefore been provided in response to Question on Notice No.66 from the Estimates hearing.

(3) The costs of all official travel by accompanying Members of Parliament Act (Staff) 1984 employees to the Ministers and Parliamentary Secretary are paid for by the Department of Finance and Deregulation (DoFD). All costs are tabled in Parliament every 6 months in a report titled 'Parliamentarians Travel'. This report contains the information requested, including dates, destination and purpose of travel. It is also published on the DoFD website.
Defence: Strategic Reform Program  
(Question No. 1625)  

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 March 2012:  
For the period 1 July to 31 December 2011, what productivity improvement savings have been made by the department and by the Defence Materiel Organisation.  

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:  
Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis; they are not broken up by sub-category of productivity improvement, one-offs or other descriptors.  
Cost reductions under the SRP are based on annual budgets. In 2011-12, the cost reductions target for the Department and the Defence Materiel Organisation is $1,283.9 million.  
The Department will publish the stream cost reductions achieved under SRP for the full financial year in the Defence Annual Report which is expected to be released in late 2012.  

Defence: Strategic Reform Program  
(Question No. 1627)  

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 March 2012:  
For the period 1 July to 31 December 2011:  
(a) what specific productivity improvement savings have been made in Smart Sustainment reform; and  
(b) what one off savings been made.  

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:  
(a) and (b) Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis; they are not broken up by sub-category of productivity, one-offs or other descriptors.  
The Smart Sustainment stream is comprised of a range of specific initiatives across the spectrum of Defence and the Defence Materiel Organisation (DMO). These initiatives are at various stages of maturity and SRP governance closely monitors the progress of these initiatives against the planned schedule and achievement of agreed cost reductions.  
Defence will publish the stream cost reductions achieved for the full financial year in the Defence Annual Report 2011-12 which is expected to be released in late 2012.  

Defence: Strategic Reform Program  
(Question No. 1628)  

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 March 2012:  
For the period 1 July to 31 December 2011:  
(a) what specific savings over the period 2010 to 2019 have been made in the implementation of Smart Maintenance techniques; and  
(b) what one off savings been made.
Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

(a) and (b) Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis, they are not broken up by sub-category of implementation of smart maintenance techniques, one-offs or other descriptors.

The Smart Sustainment stream, which includes inventory, is comprised of a range of specific initiatives across the spectrum of Defence and the Defence Materiel Organisation (DMO). These initiatives are at various stages of maturity and SRP governance closely monitors the progress of these initiatives against the planned schedule and achievement of agreed cost reductions.

The Department will publish the stream cost reductions achieved under SRP in the Defence Annual Report which is expected to be released in late 2012.

Defence: Strategic Reform Program
(Question No. 1630)

Senator Johnston asked the Minister for Defence, upon notice, on 5 March 2012:

For the period 1 July to 31 December 2011:

(a) of the savings expected over the period 2010 to 2019, what specific savings have been made in Storage and Distribution (Logistics) Reform where the adoption of automated technologies and improved business practices ensure cost effectiveness and efficiency; and

(b) what one off savings been made.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

(a) and (b) Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis, they are not broken up by sub-category of the adoption of automated technologies, improved business practice, one-offs or other descriptors.

The Logistics stream comprises several initiatives including: the consolidation and rationalisation of the wholesale storage and distribution network; modernisation of land material maintenance services; and the introduction of automated identification technology to more efficiently track and manage Defence inventory. These initiatives are at various stages of maturity and SRP governance closely monitors the progress of these initiatives against the planned schedule and achievement of agreed cost reductions.

Defence will publish the stream cost reductions achieved for the full financial year in the Defence Annual Report 2011-12, which is expected to be released in late 2012.

Tertiary Education, Skills, Science and Research
(Question No. 1722)

Senator Ian Macdonald asked the Minister for Tertiary Education, Skills, Science and Research, upon notice, on 15 March 2012:

In regard to all agencies within the department or within the responsibility of the Minister, including the Australian Institute of Marine Science, for the period 1 January 2011 to 31 December 2011, what flights were taken by agency staff between: (a) Townsville and Canberra; and (b) Canberra and Townsville, including details on whether they were direct or indirect flights.

Senator Chris Evans: The answer to the honourable senator's question is as follows:

<table>
<thead>
<tr>
<th>Agency</th>
<th>(a) Townsville—Canberra</th>
<th>(b) Canberra -Townsville</th>
<th>Direct/Indirect Flight</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIATSIS</td>
<td>4</td>
<td>4</td>
<td>Indirect flights</td>
</tr>
</tbody>
</table>
(Question No. 1723)

Senator Birmingham asked the Minister for Broadband, Communications and the Digital Economy, upon notice, on 19 March 2012:

(1) In regard to the Household Assistance Scheme (HAS) and the Viewer Access Satellite Television (VAST) service programs:
   (a) can details be provided as to:
      (i) where, and (ii) by whom, all of the set top boxes provided to households are manufactured;
   (b) what brands of set top box are supplied under these programs, including:
      (i) the exact model number, and (ii) how many of each model have been installed to date;
   (c) who is responsible for purchasing the set top boxes;
   (d) who is responsible for deciding which set top box is installed in each household; and
   (e) what testing or other form of quality control does the Government undertake before approving each set top box model for use.

(2) Is the Government aware of any modifications made in Australia to set top boxes that have been imported; if so, can details be provided.

(3) Under the programs, who bears the cost for:
   (a) replacing faulty set top boxes; and
   (b) any call out fees or costs associated with repairing or replacing faulty set top boxes, including details on the exact costs incurred to date associated with faulty set top boxes.

(4) Can details be provided of the unit price for each set top box purchased at the point of sale from manufacturers, and information relating to:
   (a) the exact price paid to contractors for each set top box, including cost details if the price varies;
   (b) how the price paid to contractors for each unit is determined; and
   (c) how the cost per unit of the set top box is taken into account when determining the price paid to contractors for each set top box.

Senator Conroy: The answer to the honourable senator's question is as follows:

(1) (a) (i) The terrestrial set-top boxes used for the Household Assistance Scheme (HAS) are both manufactured in China. The Viewer Access Satellite Television (VAST) set-top box is manufactured in South Africa

   (ii) The terrestrial set-top boxes supplied under HAS are manufactured by two companies; Bush and Hills. The VAST set-top box supplied under HAS and SSS is manufactured by Altech UEC.

   (b) (i) The terrestrial set-top boxes:
      Bush BHAS01UR
Hills HD94003C.
Satellite set-top box:
Altech UEC DSD4121.
(ii) Bush BHAS01UR: 30,902.
Hills HD94003C: 36,502.
Altech UEC DSD4121: 6,121.

(c) The department does not purchase set-top boxes individually from manufacturers. Set-top boxes are supplied by service contractors. Service contractors are procured through an open and competitive tender process, which the department runs through AusTender, the Commonwealth's procurement website. The department selects successful tenderers (and their proposed set-top boxes) on an assessment of value for money, in accordance with the Commonwealth Procurement Guidelines.

(d) The HAS is being rolled out region by region. Each region is made up of a collection of service areas. Each service contractor is allocated specific service areas and they provide the set-top box that the department has deemed provides the best value for money. With VAST services, the same set-top box is provided in each service area because there is only one VAST certified set-top box.

(e) As part of the quality assurance checks in each tender, service contractors provide test reports demonstrating compliance against Australian Standards for set-top boxes, to the department. The department use these test reports to judge the best value for money set-top boxes, which takes place during the tender evaluation process.

(2) The Government is not aware of any modifications that have been made to set-top boxes that have been imported to Australia.

(3) (a) Each set-top box provided under HAS and SSS comes with a twelve month warranty period that protects the customer against faults in the set-top boxes. Any faulty set-top boxes are replaced by the service contractor, at their own expense.

(b) Under the Deed of Agreement with the department, the head service contractor is responsible for providing an in-home, twelve month warranty for faulty parts, manufacture or workmanship relating to the set-top box, cabling, antenna, installation and satellite services provided to the customer. If the equipment cannot be replaced or fixed at the customer's premises, then the service contractor must arrange for the collection and delivery of the equipment to and from the customer's premises at no expense to the customer or the department.

(4) (a) Details regarding the price paid to service contractors for each set-top box cannot be provided, as these figures are commercial-in-confidence. The department does not intend to release these actual costs as this may impact the outcome of current and future procurement processes.

(b) Tenderers provide pricing for a range of cost elements which are assessed during the tender evaluation process. The department selects successful tenderers and their proposed set-top boxes on an assessment of value for money, in accordance with the Commonwealth Procurement Guidelines.

(c) The pricing for the set-top box covers the complete cost of the set-top box, including design to best assist HAS customers, manufacture, delivery to the service contractors, appropriate taxes and the twelve month warranty period.

Health Services Union
(Question No. 1728)

Senator Abetz asked the Minister representing the Minister for Employment and Workplace Relations, upon notice, on 20 March 2012:

With reference to Fair Work Australia's report Investigation into the Victoria No.1 Branch of the Health Services Union under section 331 of the Fair Work (Registered Organisations) Act 2009:

QUESTIONS ON NOTICE
(1) When did the Minister:
   (a) first receive a copy of the report;
   (b) commence reading the report; and
   (c) conclude reading the report.
(2) In regard to the report's referral to the Australian Taxation Office (ATO):
   (a) when did the Minister decide to refer the report to the ATO;
   (b) what was the date and time of referral; and
   (c) can a copy of the accompanying covering letter be provided.
(3) Can details be provided as to which other agencies the Minister has referred the report, including:
   (a) the time and date of each referral; and
   (b) a copy of the covering letter accompanying each referral.
(4) Why has the report not been referred to the Victoria Police Fraud Squad.

**Senator Ludwig:** The Minister for Employment and Workplace Relations has provided the following answer to the honourable senator's question:

   (1) The report of the Delegate of the General Manager of Fair Work Australia (FWA) concerning the investigation into the Victorian No.1 Branch of the Health Services Union was posted to the Senate Education Employment and Workplace Relations Additional Budget Estimates Committee webpage on 16 March 2012. I obtained a copy of the report on that day from that source and concluded my initial reading of the report on the morning of 19 March 2012.
   (2) I informed the Parliament that, in relation to the report I 'would draw it to the attention of the ATO'. The report is a public document and, as such, is available to any interested agencies.
   (3) The report is a public document and, as such, is available to any interested agencies.
   (4) The report is a public document and, as such, is available to any interested agencies.

**Muckaty Land Trust**

**(Question No. 1785)**

**Senator Ludlam** asked the Minister representing the Minister for Families, Community Services and Indigenous Affairs, upon notice, on 26 March 2012:

With reference to the contract signed in June 2007 by the Commonwealth Government, the Muckaty Land Trust and the Northern Land Council, regarding the location of a nuclear waste dump:

   (1) Did the Northern Land Council receive a payment of $200 000 from the Commonwealth Government upon the acceptance of the Muckaty Land Trust nomination.
   (2) Does the Northern Land Council have a responsibility or liability in relation to the receipt and disbursement of these funds.
   (3) If traditional owner signatories wish to withdraw from the contract, will: (a) recipients of funds; and (b) the Northern Land Council, be required to repay funds from the initial disbursement of $200 000.

**Senator Chris Evans:** The Minister for Families, Community Services and Indigenous Affairs and the Minister for Disability Reform provides the following answer to the honourable Senator's question:

   (1) Yes. It is noted that the Northern Land Council (NLC) provided detailed advice regarding this payment in oral testimony on 30 March 2010 to the Senate Legal and Constitutional Affairs Committee.
and in a written response dated 28 April 2010 to questions on notice from the Committee (Senator Ludlam and Senator Crossin).

(2) Under the deed, the NLC was responsible for the receipt and disbursement of the funds for the benefit of the traditional Aboriginal owners and other Aboriginals concerned in relation to the nominated site. The NLC detailed its fulfilment of that responsibility in its oral and written testimony to the Senate Legal and Constitutional Affairs Committee in 2010. Accordingly, the NLC has no liability for these funds.

(3) (a) and (b) The site nomination deed was signed by representatives of the Commonwealth, the NLC and the Muckaty Aboriginal Land Trust, rather than by individual traditional owners in their own right. This accords with the structure and requirements of the Aboriginal Land Rights (Northern Territory) Act 1976. Accordingly, any question of individual traditional owners withdrawing from the deed (or associated liability as to payments received) does not legally arise.